Daily Report

Latin America

FBIS-LAT-95-237
Monday
11 December 1995

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FBIS-LAT-95-237 *11 December 1995*

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Mercosur Presidents Hail Pact Pending With EU

PY0812133595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1927 GMT 7 Dec 95

[FBIS Translated Text] Punta del Este, Uruguay, 7 Dec (AFP-NA) — The presidents of the Common Market of the South [Mercosur] countries (Argentina, Brazil, Paraguay, and Uruguay) were of one today in underscoring the significance of the Interregional Framework Agreement they will sign with the EU on 15 December, which constitutes the prelude to the establishment of a free trade zone between both blocs.

At the close of the Ninth Meeting of the Mercosur Council of Ministers, Uruguayan President Julio Maria Sanguinetti recalled the imminent signature of the agreement with the EU and asserted that following the signing ceremony — to be held in Madrid — this joint transatlantic project "will move ahead steadily."

"Time alone will tell," said Sanguinetti adding that after signing the framework agreement both blocs will embark upon discussions to lay down the rules of the game that will govern negotiations "with a view to achieving the mutual objective of trade liberalization."

Brazilian President Fernando Henrique Cardoso argued that the agreement between the EU and Mercosur has both "a direct and a symbolic meaning," as it is the first agreement between both continents.

Argentine President Carlos Menem, for his part, contended that Mercosur has "great expectations of this agreement becoming a veritable success" since the prevailing conditions are optimal, thanks to the "excellent" bilateral relations between nations making up both blocs.

The Argentine head of state also recalled that the creation of a free trade zone over the span of 10 years will comprise a potential market of more than 550 million consumers.

Relations between Mercosur partners and the EU have considerably improved since 1990, when third generation cooperation agreements became effective since they enabled to increase EU aid to southern cone countries from $3.4 million in 1985 to $43 million in 1991.

At the commercial level, Mercosur exports to the EU have grown by 50 percent since 1985 while EU investments in the southern cone common market increased significantly, particularly those in the area of services (air transport, telecommunications, and tourism).

EU technological, scientific, and ecological cooperation with Mercosur quadruples that of the United States.

Local analysts noted that following the phase of risk in the countries that belonged to the defunct socialist bloc — which entailed huge economic efforts from the Group of 15 — it seems that they have now turned their attention to Latin America.

This agreement takes place against the backdrop of a hodge-podge of other integration agreements in which NAFTA and the project of establishing a free trade zone of the Americas open the possibility of the western hemisphere closing itself to the outside world, something that Europe considers ill-advised.

Mercosur Deputies Promote Small, Mid-Sized Firms

PY0812162995 Buenos Aires TELAM in Spanish 2054 GMT 7 Dec 95

[FBIS Translated Text] Piriapolis, 7 Dec (TELAM-SEM) — Promoting the development of the small and medium-sized enterprises and the necessity of support policies for achieving this development was one of the main recommendations that the Mercosur [Common Market of the South] Joint Parliament made for the Punta del Este summit.

In this regard, Ricardo Laferriere (UCR-Entre Rios) [Radical Civic Union-Entre Rios Province], the brand-new joint parliament rotating secretary, today emphasized: "It is necessary to urgently transfer Mercosur to the regions, promoting a leading role for small and medium-sized enterprises and facilitating traffic and regional and border trade."

Laferriere noted: "Nowadays, large companies, especially those manufacturing automobiles, are particularly benefiting from the Mercosur advantages."

During a Mercosur joint parliamentary meeting which was held between 4 and 6 December, new authorities were appointed and it was decided that during the first six months of 1996, Argentina will hold the joint parliament's chairmanship, with the duty of organizing three meetings.

Fernando Lahoz, a deputy for the Corrientes PJ [Justicialist Party], was elected Mercosur joint parliament president and Senator Mario Losada (UCR-Misiones) [Radical Civic Union-Misiones Province] was elected Mercosur joint parliament vice president.

The main issues discussed involved the poverty prevailing in our region and its consequences, reflected by internal migration; the various social laws and the training of unemployed people, with coordinated policies to retrain workers; and the establishment of microenterprises [microemprendimientos].

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New Central American Parliament President Sworn In

PA0812174295 Guatemala City SIGLO VEINTIUNO in Spanish 7 Dec 95 p 3

[FBIS Translated Text] Following various electoral rounds which lasted almost 10 hours last night the Central American Parliament (Parlacen) deputies appointed Raul Saldivar Guzman, a Honduran, as new president of that integration organization. He will complete the late Luis Rolando Valenzuela Oyuela's term, which ends on 28 October 1996.

Saldivar Guzman was sworn in last night by members of Parlacen's board of directors, and he was also given the badge that accredits him as president of the Isthmian Forum's deputies.

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Cuba

Reportage on Castro's Official Visit to SRV

Arrives in Hanoi

PA0812154895 Havana Radio Havana Cuba in Spanish 1300 GMT 8 Dec 95

[Report by Amalia Sanmartin and Leonor Bravo; from the "Morning Information Review" newscast]

[FBIS Translated Text] President Fidel Castro arrived this Friday to Hanoi on his second official visit to Vietnamese territory.

The Cuban head of state first visited Vietnam 22 years ago during the height of the resistance war against U.S. aggression.

The Cuban leader traveled in September 1973 to regions liberated of the then South Vietnam during the legendary Indo-Chinese conflict.

On this occasion, President Fidel Castro will remain four days in Vietnamese territory, which is now completely unified.

Shortly after his arrival at the [Noibai] International Airport, Fidel Castro proceeded to the Government Palace where the official welcoming event took place.

The three highest Vietnamese leaders Du Muoi, secretary general of the Communist Party of Vietnam, Le Duc Anh, president of the Republic of Vietnam, and Prime Minister Vo Van Kiet greeted Fidel Castro at the presidential palace. The Cuban president is the only head of state who has been attributed the honor of being greeted by the three highest Vietnamese leaders.

The Cuban president and the delegation he heads will engage in talks with the previously mentioned, high ranking Vietnamese officials, and will carry out an agenda that includes visits to sites of historical interests and economic development in the northern and southern provinces of the country.

President Fidel Castro arrived to Vietnam from the Chinese province of Guangzhou [as heard] where this Friday he ended his nine-day official visit to that millenary Asian country.

Speaks at Reception

PA0912033795 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Dec 95

[FBIS Translated Text] President Fidel Castro was feted at a reception in his honor in Hanoi today. This activity was one of the first ones the leader of the Cuban Revolution carried out as part of his official four-day visit to Vietnam.

At the reception, Do Muoi, Vietnamese Communist Party general secretary, characterized Cuba as the revolution's beacon in Latin America, and he called for a cessation of the U.S. blockade against the island.

During his speech, Do Muoi said contributing to the Cuban people's defense is a responsibility and sacred duty for the Vietnamese people.

In his address, the president spotlighted the Vietnamese people's heroism during the struggle against the U.S. aggression and in their current battle for the country's development.

The leader said Cuba is prepared to continue struggling and persistently moving ahead amid austerity and economic aggressions although it has been unable to do away with the U.S. blockade.

Castro arrived in Vietnam today on his second official visit to the Asian country. The nation's three top leaders, Communist Party General Secretary Do Muoi, President Le Duc Anh, and Prime Minister Vo Van Kiet, welcomed him.

Shortly after his arrival in Hanoi, the leader of the Cuban Revolution visited former Vietnamese Prime Minister Pham Van Dong, one of the country's most revered fighters. On the second day of his official trip to Vietnam, the Cuban head of state will pay homage to President Ho Chi Minh at the mausoleum where his remains lie, and he will initiate official talks.

Holds Discussion With Leaders

PA0912040895 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Dec 95

[Report by Roberto Gili in Hanoi; from the "Evening Information Review" newscast]

[FBIS Translated Text] [Gili] President Fidel Castro has said here that Vietnam's victory over the U.S. attack [words indistinct] an influence in today's world and that this victory has greatly helped mankind and other peoples, including Cuba.

Shortly after arriving in Hanoi, the Cuban head of state held a frank and friendly discussion with the top Vietnamese leaders. He told them Vietnam's defeat of the United States has prevented similar actions against other countries, something which might have meant Cuba would be the next country to be invaded.

Castro was honored at a beautiful and unique welcome ceremony at the esplanade in front of the presidential palace here in Hanoi, where tens of young people lined his path and threw red rose petals as he entered the building.

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Do Muoi, general secretary of the Communist Party of Vietnam [CPV], Vietnamese President Le Duc Anh, and Vietnamese Prime Minister Vo Van Kiet waited for him at the door of the government headquarters and headed this celebration. This gesture was a unique one, because the three Vietnamese leaders were present. There, the Cuban head of state greeted members of the CPV Politburo, the government, and people's and social organizations who also came to welcome him. Then, along with Do Muoi, he went to the center of the esplanade where they both heard the [words indistinct] and military greeting as well as the national anthems of both countries. A few minutes later, in the large reception hall for illustrious guests at the ancient mansion of European architecture, which was beautifully decorated for this occasion, Castro sat next to the CPV general secretary who had the Vietnamese head of state and prime ministers at his sides.

Our victory is due to our people's efforts, but it also owes to the support of our brothers and friends, particularly Cuba, said Do Muoi during this meeting in which the saga against the U.S. attack was widely discussed. You visited Vietnam 22 years ago, right when our fight was in its final stage, but you also went through our battlefield beyond the 17th [word indistinct]. Do Muoi added in reference to the highest Cuban leader's visit to Hanoi from 12-17 September, 1973.

Do Muoi said: This gave great encouragement and motivation to our Army, party, and people who then were absolutely determined to defeat the enemy. He said: This task was accomplished and was one to the support, encouragement, and help from the Communist Party of Cuba, the Cuban Government and people, and you, yourself.

Do Muoi said: We believe you should be pleased with these results, which you can now witness in our united Vietnam, which you may visit again.

Delivers Speech at Reception

PA0912171795 Havana Radio Rebelde Network in Spanish 1330 GMT 9 Dec 95

[Speech by President Fidel Castro at official reception on 8 December in Hanoi, with passage by passage translation into Vietnamese, from the "Doing Radio" program — recorded]

[FBIS Translated Text] Dear comrade Do Muoi, dear Vietnamese and Cuban comrades. First of all, please excuse me for not bringing a written speech, as I would have liked, but I have not had a minute's rest in recent days, yet I wish to state my feelings in a few words.

I first visited the country 22 years ago. Those were extremely difficult times, different from the situation today. The country was still divided; the people still suffered the terrible consequences of the war. It was a barbaric, brutal war.

I am now in Hanoi, and I can barely recognize it. The effects of the bombings were evident everywhere. I remember that, as we flew toward the central part of the country, there were hundreds of holes around every bridge, at every bridgehead, due to the bombs dropped by the interventionists in their efforts to cut off communications.

I also remember that the famous laser bomb was invented at the time, and it aimed the rounds with more precision on the targets. Cities had disappeared, the people lived in caves, the fields were full of grenades, and explosives were dispersed everywhere as we approached the 17th parallel. Despite all this, I had the honor of being taken south, beyond the 17th parallel, which had been liberated. I was shown the fortified hills that were stormed by the Vietnamese Army soldiers.

It was practically impossible to imagine that so much steel and so many fortifications could been taken over by an adversary, which had incomparably more developed technology, with the support of the Air Force. They showed me the McNamara line that had not been defeated. [words indistinct] contact with numerous fighters, including units that had participated in the (?Quan Chu) battle during [words indistinct]. I had never seen men so determined, so committed, so brave, so modest. However, a large part of the southern territory had yet to be liberated.

In those times, approximately in 1973, a truce agreement had been reached. What was the real meaning of the victory? The imperialists believed that that huge army of hundreds of thousands of soldiers equipped with tanks, cannons, and planes of the [word indistinct] Army could resist the southern liberation forces. However, by virtue of the agreements, which constituted a major victory for Vietnam, they withdrew, and that was what was needed. However, I understand that the Vietnamese fighters and leaders who had been fighting for such a long time for the liberation of the entire Vietnam were suffering a great deal.

I can never forget the talks that in those days I held in this palace, which has changed a great deal, with comrade Pham Van Don. I remember something very hard, very difficult. Comrade Pham Van Don cried when he was talking to me about the hundreds of thousands of youths who had died in combat and who had to wait [sentence as heard]. I believe that no other scene

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impressed me as much. I have recalled the memories of those talks.

However, the North Americans failed to comply with their agreements, because they committed themselves to an indemnification that never became a reality [two-minute break in reception].

Everything imaginable to defeat the Vietnamese people. They dropped more bombs than in World War II. They dropped more bombs on Vietnam than on all other countries during World War II. They used chemical weapons and bacteriological weapons. Vietnam, however, came out victorious. That is the reason Vietnam holds a privileged position in the hearts and admiration of all the nations in the world.

Following the victory, other countries sent you aid. True, you received a certain amount of material and political aid. Even from the people of the United States, who played a key role by massively protesting that criminal and unfair attack on Vietnam. But the Vietnamese people carried the heaviest, fundamental, and most decisive burden of the struggle.

This is why I understand your modesty when speaking with demagogues about the aid received from others [words indistinct] who, with the enormous Vietnamese aid to Third World nations and the world at large, the indelible page it wrote, and the lesson to the attackers. We, who are 90 miles away, less than one millimeter away because of a naval base they maintain on Cuban territory against our will. We were among the countries that most benefited from the Vietnamese struggle. Had they not waged war on Vietnam, they might have declared it on Cuba. They have intervened in many parts, everywhere: Asia, Africa, and Latin America.

We must still fight hegemonistic tendencies and concepts that hurt national sovereignty, and interventionist plans everywhere, justifying them on the mechanisms of the United Nations. We, thus, still have a long struggle ahead.

We know that Vietnam, throughout these long years, has obtained more than just great military and political successes. Vietnam has achieved success for over 2000 years, but these have been the most outstanding. More recently, a great party, with its great wisdom, has also obtained great diplomatic successes and helped to lay down the conditions for a renewal process and Vietnam's development.

Cuba, unfortunately, has not yet been able to eliminate the economic blockade. A strengthened and intensified blockade makes our peaceful and creative mission considerably more difficult. Our efforts to overcome our current problems become more difficult.

Comrade Do Muoi spoke about Cuba's modest progress, our modest growth despite the difficulties, but we have not yet surpassed the special period.

No one knows how long the blockade will last because there are extreme right groups with lots of influence in the U.S. Congress and they have new, more hostile and aggressive laws to justify the blockade against Cuba. Therefore, no one can guarantee how much longer the blockade will last and what will happen in the future with the elections in the United States, but our frame of mind is to keep on struggling, to keep on resisting, and even to keep on advancing amid that hostility and that blockade. I am sure that we will do this.

We are closely following the things that the Vietnamese people are doing right now, and they have an enormous value. These are new times that require decisions, audacity, and saving socialism under the most adverse conditions. We believe Vietnam and other countries are achieving great success in the struggle to persevere in socialism, modernize themselves, and develop the country.

We are the smallest of the remaining brothers, there, right beside the United States and those who do not want to forgive socialism for existing beside the United States — because they perhaps resign themselves to the existence of socialism in Asia but not in Latin America. They are enforcing reactionary policies, they are forcing governments to follow a neo-liberal policy, the most reactionary and ruthless capitalism, and the results are being seen. They do not achieve progress and growth like Vietnam. They do not achieve growth like the PRC. They have problems. They either achieve little or no growth. There are protests and strikes every day — the workers, peasants, students, and women. The people do not accept further oppression or exploitation.

Consequently, the virtues of socialism are being tested here. What you have achieved and will achieve in the future is a result of the creative implementation of socialism and revolutionary doctrines.

Hence, we the Cubans, are sure you will achieve success; we will be as happy as you are for all the progress you achieve. We are happy to realize Ho Chi Minh's other promise has been fulfilled — that a 100 times more beautiful Vietnam would be built when the war ended. We are also sure than when the blockade ends, when the threats end, when the U.S. hostility ends, we will be able to build a 100 times more (?beautiful) Cuba.

Thank you. [applause] Thank you. A million thanks for the warmth you have offered us, for the Vietnamese people's hospitality, on the occasion of the visit we

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will never forget. I offer a toast for this, for all the Vietnamese leaders, and for the Vietnamese people's success.

Discusses Ho Chi Minh

PA0912174995 Havana PRENSA LATINA in Spanish 1304 GMT 9 Dec 95

[By Roberto Gili]

[FBIS Translated Text] Hanoi, 9 Dec (PL) — Top leader Fidel Castro today called President Ho Chi Minh a revolutionary paradigm, during the course of a hectic agenda Castro followed on the second day of his official visit to Vietnam.

The statesman wrote the following in the visitors book located at the modest house-office of the illustrious fighter (1890-1969): "Honor and eternal glory to Ho Chi Minh, who is a revolutionary paradigm more admired and more dearly loved by the day not only by his people, but also by all the peoples of the world."

The leader of the Cuban revolution today toured the historical Ba Dinh Square, where the aforementioned Vietnamese leader proclaimed the independence of this territory from French colonialism and the foundation of the Democratic Republic of Vietnam on 3 September 1945.

Castro laid a floral wreath at the Martyrs Memorial Monument, where he solemnly observed a minute of silence. He was once more wearing his olive drab uniform.

He did something similar in front of the beautiful mausoleum where Ho Chi Minh's body is being kept. It is an architectural complex that stands out in the wide esplanade through which the Dien Bien Phu Avenue runs, in downtown Hanoi.

Along with the delegation that is accompanying him in this, his second stay in Vietnam — the previous stay was in September 1973 — the Cuban chief of state and government entered the precinct, where he saw the effigy of the Indochinese leader, whom he did not know, for the first time.

In addition, Castro visited a textile industry located approximately 15 km east of Hanoi, where thousands of workers, students, and residents of the Duc Gian district, where the industry is headquartered, welcomed him.

There, the statesman was briefed on the achievements of the state-owned enterprise and later visited the workshops seeking, as is his custom, contact with the workers, technicians, and employees directly involved in production.

[Paris AFP in Spanish at 1301 GMT on 9 December in a similar Hanoi-datelined, 725-word report adds: "The Cuban President seemed tired and was paying little attention to the comments the Vietnamese officials were making, while he was greeting factory workers with little enthusiasm."]

He was also welcomed at the potter hamlet of Da Ton, located some 20 km south of this capital, where he showed interest in the sui generis settlement where dozens of families devote themselves entirely to making beautiful crafts, which are currently sold in a growing foreign market.

Nguyen Cong Tan, agriculture and rural development minister and Vietnamese—Cuban Intergovernmental Commission president, and other high ranking government officials accompanied the distinguished guest during his visit to the two districts.

According to the agenda, Fidel Castro and his delegation tomorrow will travel to the Hoa Binh Province, located approximately 70 km south of Hanoi, where they will be welcomed at the province's hydroelectric plant, which is believed to be one of the largest works ever built in Vietnam.

Shortly after noon tomorrow, the delegation will attend a farewell ceremony at the presidential palace and will leave for Ho Chi Minh City (formerly Saigon), where it will stay until 12 December.

Witnesses Rice Supply Pact

PA0912175195 Havana PRENSA LATINA in Spanish 1210 GMT 9 Dec 95

[FBIS Translated Text] Hanoi, 9 Dec (PL) — Cuba and Vietnam signed an agreement today in this capital, and the Indochina country stated its pledge to supply rice to the island in 1996.

Vietnamese Foreign Trade Minister Le Van Triet and Cuban Economy and Planning Minister Jose Luis Rodriguez signed the text in the presence of the two countries' leaders.

Cuban President Fidel Castro, Communist Party of Vietnam [CPV] Secretary General Do Muoi, Vietnamese President Le Duc Anh, and Vietnamese Prime Minister Vo Van Kiet attended the ceremony, held upon conclusion of the official talks held between the two parties on Saturday at the presidency.

Fidel Castro arrived in this capital yesterday, coming from the PRC, for a four-day official visit; and it is the second occasion upon which he has visited Vietnam, following the one in 1973.

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The amount of the pledge established by the Vietnamese Government regarding the delivery of cereal to Cuba in 1996 was not revealed, although sources close to the dialogue indicated it is approximately 100,000 metric tons.

This has been the volume maintained by that nation for Havana in recent years, although it has additionally sent rice donations as a result of widespread solidarity campaigns.

Do Muoi recently announced the CPV will sponsor a similar action next year to collect funds and ship an additional donation of between 20,000 and 30,000 metric tons to Cuban territory.

Tania Maceira, Cuban ambassador to Vietnam, said to PRENSA LATINA the meeting between the two socialist states' official delegations were characterized by "their high degree of honesty, frankness, and brotherhood."

Attends 'Fraternal' Dinner

PA1012043995 Havana Radio Havana Cuba in Spanish 0000 GMT 10 Dec 95

[Report by Isidro Fardales from Hanoi, Vietnam; from the "Evening Information Review" newscast]

[FBIS Translated Text] The activities carried out by President Fidel Castro in Vietnam today, Saturday, concluded with a dinner dubbed here as a fraternal dinner, which was offered by Do Muoi, secretary general of the Communist Party of Vietnam at the headquarters of the Central Committee of this political organization.

I have already covered details of this morning's program, which ended with the signing of a commercial protocol, following official talks with ranking Vietnamese leaders. This protocol states that Vietnam will supply Cuba with 100,000 metric tons of rice in 1996. In the afternoon, the Cuban president and his accompanying delegation visited the Duc Gian Textile Factory, located in Hanoi's (Hian Lam) District.

After a long tour, accompanied by a crowd of Vietnamese people who greeted the top Cuban leader as he walked by, a huge sign welcomed the visitors with the slogan, Hurrah, for the friendship and fraternal solidarity between Vietnam and Cuba. There, at the foot of the main building, a delegation of the factory's top directors, led by General Director (Tran Hoan Khanh), welcomed the Cuban president. Once inside the facility, (Hoan Khanh) briefed the visitors about the factory's production, which amounts to 5 million garments a year, basically for 50 customers in 21 countries. He told the Cuban president that 2,400 workers, mainly women between 20 and 22 years of age, work at this factory.

In addition, (Hoan Khanh) said that, on behalf of thousands and thousands of Vietnamese workers, he was honored and proud to receive Fidel Castro at this factory, which was established in 1990. After a brief tour through the production area of the textile factory, Fidel Castro and his entourage headed toward the Da Ton Commune, 10 km north of Hanoi. There, they were welcomed at the headquarters of the Council of the People's Commune, and were briefed on such general information as the number of inhabitants, which amount to more than 8,000. Of this total, 3,080 are workers.

According to information received, after the implementation of the recovery policy, Da Ton experienced a gradual progression, and currently, 100 percent of homes have electricity, radios, and 70 percent of them have television sets.

Visits in Ho Chi Minh

PA1012185495 Havana PRENSA LATINA in Spanish 1444 GMT 10 Dec 95

[By Roberto Gili]

[FBIS Translated Text] Ho Chi Minh, 10 Dec (PL) — President Fidel Castro arrived today in this city, Vietnam's second largest city and economic hub. It is also the symbol of the most recent epic of this country in Indochina and its vigorous transformation process.

Vo Tran Chi and Trung Tan Sang, the highest-ranking authorities of the Communist Party and the government, respectively, in this city, located some 1,600 km south of Hanoi, received the Cuban leader at the Tan Son Nhat International Airport at 1750 local (1050 GMT) on Sunday, 10 December.

The statesman will remain here until Tuesday, 12 December, after spending three days in the northern provinces of this Asian country, where Castro was given an unprecedented welcome, according to observers and analysts.

"No foreign leader has enjoyed the publicity given to Fidel Castro in all the news media," said Nguyen Cap Tinh, who is editor in chief of English-language newspaper, VIETNAM NEWS, and who was present at the Cuban president's arrival at Tan Son Nhat.

Student representatives of various educational levels, several hundred, according to official estimates, flanked the chief of the Cuban revolution on his way to the air terminal, waving flags, and shouting his name.

This morning, in the latter part of his program in the northern part of the country, Fidel Castro visited the

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Hoa Binh Hydroelectric Plant in the province bearing the same name, located 70 km south of Hanoi. He was accompanied by the secretary general of the Vietnamese Communist Party, Do Muoi, and other high—ranking state officials.

The distinguished Latin American visitor arrived in this economic hub of the Asian state amid an economic boom resulting from the economic reforms initiated here in the late 1980's.

As a result of the renovation process geared toward a market economy, the city of the former South Vietnam currently leads the local market in foreign investment with more than $2 billion pledged by companies from some 50 countries.

The former Saigon, whose name was changed to Ho Chi Minh after its national hero following the country's reunification in 1976, was the scene in 30 April 1975 of one of the bloodiest battles waged during the war for the liberation of South Vietnam, in which thousands of soldiers and civilians lost their lives.

According to historical accounts of this epic, the battle would only be overshadowed in its cost in human lives and bullets fired by the decisive takeover of Xuan Loc, the so-called "Gate of Saigon," some 55 km north of here.

The current city of Ho Chi Minh was liberated in the morning of 30 April 1975, which ended the conflict in Indochina (1964-75), one of the bloodiest war conflicts of the century, with some four million deaths and cases of missing people as a result.

Shortly after his arrival, the Cuban president started fulfilling a tight schedule, which will include meetings with political and government leaders as well as visits to places of historic and economic interest.

His schedule will include tomorrow, a tour through the tunnels of the suburban district of Cu Chi and a sugar mill, in which Cuban technicians are working. The sugar mill is located 80 km west of this town in Tay Ninh Province.

Speaks at Official Reception

PA1012210595 Havana PRENSA LATINA in Spanish 1830 GMT 10 Dec 95

[Report by Roberto Gili]

[FBIS Translated Text] Ho Chi Minh City, 10 Dec (PL) — President Fidel Castro asserted here today that the countries that persist on the socialist path will not crumble as did the former USSR and several other East European countries.

"Those who applauded the disappearance of the socialist bloc in East Europe believed it was the end of socialism," the president stated during an official reception, which was given in his honor shortly after he arrived here this Sunday.

"Perhaps it is far from being the end; perhaps the beginning of the end of capitalism is at hand," the statesman declared during the ceremony held at the Reunification Palace. Castro attended the event dressed in a Prussian blue, typical Vietnamese attire, similar to the ones used by the principle Vietnamese leaders.

Visibly touched by the presence of several dozen heroines, heroes, and mothers of martyrs of the liberation war of South Vietnam (1960-75), Fidel Castro concentrated his speech on the importance of that epic event and the changes that have taken place in the world in the past years.

"The capitalists who applauded are now frightened with what is happening in the former USSR and the socialist countries in Europe," the president, who completed the third day of his visit to this country today, pointed out.

"Now many of those who hesitated, think, and ponder. They behold disorder, chaos, and see that capitalism has no future."

"Only the countries that resist in favor of socialism, alone, using their intelligence, heart, and creative spirit, are capable of presenting new things that will not only save socialism, but will perfect it and take it to victory," the president underscored.

"That is why we say today, with more conviction than ever before, that the future is with socialism," Fidel Castro exclaimed and the reaction to his words was a round of applause.

"They thought we would crumble too.... Five years have passed and we are here with the great moral support of the international community," he emphasized.

"Others have collapsed like a souffle, but our revolution is not a souffle."

"Ideas are invincible. The countries that persisted in socialism did not crumble," he stated.

Regarding the heroic liberation of the South Vietnam territory and its later reunification, the leader underscored that with the 30 April 1975 victory, "we, Cubans, felt the happiest people on earth."

Fidel Castro said he did not doubt they would attain victory when he visited this part of the Indochina state in September 1973.

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He added: "The United States invested millions of dollars to thwart the unity, independence, and sovereignty of Vietnam," but, he continued, "Ho Chi Minh's dream that nothing is more precious than independence and freedom became a reality."

"What an extraordinary man. His vision was so long, his convictions so deep. What a prophet!" Castro exclaimed with admiration for the Vietnamese hero.

"Today, the generous blood of the Vietnamese who fell, is turning into prosperity and happiness for their people," he asserted when he referred to the economic reforms process, which is being advanced by that country, and the results of this process in the Asian nation.

"We are full of happiness, honor, and glory when we receive the tribute, hospitality, and appreciation of all of you," the visiting leader concluded.

Comments on Nuclear Plant

PA1112050295 Havana Tele Rebelde Network and Cubavision Networks in Spanish 0100 GMT 11 Dec 95

[From the "NTV" newscast]

[FBIS Translated Excerpt] President Fidel Castro began his third working day in SRV visiting the so-called masterpiece of the century located 60 km north of Hanoi.

Castro arrived at the Hoa Binh hydroelectric plant accompanied by Do Muoi, secretary general of the Vietnamese Communist Party.

Upon his arrival to the Hoa Binh plant, which is considered the biggest installation in the Asian southeast region, its director (Bu Du Quin) explained that the plant can fulfill the country's fundamental energy needs. He added the plant can generate 1,920 megawatts per hour. [passage omitted]

Castro noted the Hoa Binh plant was a wonderful construction and that it was a privilege to have such an installation to produce energy, because he added, without electricity there is no industrial or social development. [passage omitted].

Castro said that Cuba was building an nuclear power plant with similar capacity to the Hoa Binh plant, but that due to known problems it has been postponed and is under maintenance. He added that Cuba is seeking a solution to this problem with the help of various countries.

Castro was pleased that the Vietnamese had such an installation to facilitate irrigation and prevent floods. He congratulated the project designer, Russian specialist (Pavel Timofeyivich) who was pleased to meet a legendary man. [passage omitted]

Interviewed by SRV Television

PA1112050795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 11 Dec 95

[From the "NTV" newscast]

[FBIS Translated Text] President Fidel Castro arrived on Sunday in Ho Chi Minh City, Vietnam's second city and main economic center, during the third day of his official visit to Vietnam.

[Begin recording] [Unidentified reporter] Following a warm welcome by top Communist Party and government leaders, as well as Ho Chi Minh City residents, Castro was the hosted to an official reception at the Reunification Palace.

[Unidentified Vietnamese official, in Vietnamese with simultaneous translation into Spanish] Tonight, from this historic place, we extend our warmest welcome to our dear comrade Fidel Castro and the comrades from the Cuban delegation.

[Reporter] Visibly moved by the presence of several dozen heroines, heroes, and mothers of martyrs from South Vietnam's liberation war between 1960 and 1975, Castro highlighted the importance of that epic war. On the recent changes in the world, Fidel stated that only those countries that resist through socialism, employing intelligence, heart, and creative spirit are capable of introducing new things that will not only save socialism but improve it and make it succeed.

Today, Castro held an emotional meeting with Nguyen Van Dinh, adviser to the Vietnamese Communist Party's Central Committee and historic leader of the Asian country.

That is how Castro began in the former Saigon a tight agenda that includes meetings with government leaders and visits to sites of historic and economic interest. Those points include a tour tomorrow through the [indistinct] of the Phu Chi suburban district and a sugar factory where Cuban technicians work in the Tay Ninh Province.

After arriving in Ho Chi Minh City, Castro granted a brief interview to Vietnamese television.

[Unidentified reporter, in Vietnamese with passage-by-passage translation into Spanish] What are your impressions?

[Castro] Twenty-two years ago [passage indistinct]... I arrived below the line of [passage indistinct]

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[Reporter, in Vietnamese with passage-by-passage translation into Spanish] I would like to ask another question. What is the current economic and social situation of Cuba?

[Castro] [Word indistinct] a moment, after the collapse of the socialist bloc, we were left alone. We had a harsh blockade imposed by the United States, thinking that the revolution would collapse, and the revolution [word indistinct], and the revolution [word indistinct] it still exists with great difficulties, but also with great patriotism and consciousness, which allows us to guarantee that, just like Vietnam [word indistinct], Cuba will win.

[Reporter, in Vietnamese with passage-by-passage translation into Spanish] What message do you have for the television viewers?

[Castro] [Word indistinct] in the first place [word indistinct] for the long history, millenary [word indistinct]. It fights for independence, for the biggest feat this century, which was to defeat world imperialism. That is why I express my affection with admiration and all my love. The Vietnamese and Cubans are something more than just friends, we are brothers. [end recording]

Castro's Official Visits to PRC, SRV Assessed

PRENSA LATINA Reviews Visits

PA1012130295 Havana PRENSA LATINA in Spanish 1319 GMT 9 Dec 95

[FBIS Translated Text] Havana, 9 Dec (PL) — The conclusion of President Fidel Castro's visit to China — which has been described here as historic and far-reaching — and his current visit to Vietnam were the most important news in Cuba during the past week.

Fidel Castro left China last Friday impressed by the development achieved by the Asian colossus, which he praised for its efforts at reform and described as "the country of the future, the country of the 21st century."

"They (the Chinese people) are facing a gargantuan task, but they are a colossus that is standing on its feet, a colossus that is struggling in an extremely difficult world. What they are doing is truly admirable," President Castro said during an interview granted to Cuban journalists.

During his stay in China, Fidel Castro got a close look at a socialist market economy, as the Chinese call their economic model. This model is being closely scrutinized by Cuba, which is likewise immersed in a vast transformation process in order to overcome the profound crisis in which it has been mired for the past five years.

According to analysts in Cuba, the president's visit significantly helped to achieve greater mutual understanding and to strengthen further the excellent relations maintained by the two socialist nations.

In the interview mentioned earlier Fidel Castro said that even though Cuba can learn useful lessons from China, this does not mean that it will necessarily copy China's economic reforms entirely.

He added: "We do have some things in common, but other things that respond to each country's objective conditions are different." As an example, he pointed out that 80 percent of the Chinese people live in rural areas, while 80 percent of the Cuban people live in urban areas.

Furthermore, he added, China has the advantage of not being the victim of a blockade, referring to the economic, financial, and trade embargo to which Cuba has been subjected by the United States for more than three decades.

From the world's most populated country, the president moved on to Vietnam, a country he is visiting for the second time. There he was warmly welcomed by Communist Party of Vietnam Secretary General Do Muoi; President Le Duc Anh, and Prime Minister Vo Van Kiet, who all consider Fidel Castro as one of their closest friends.

Describing it as an unusual gesture, Vietnamese media and foreign journalists noted that the three foremost Vietnamese leaders rarely appear together in public, and yet they did so on this occasion to welcome Fidel Castro.

Just like he did in China, the Cuban leader wants to see in Vietnam the reforms implemented to develop a market economy without giving up the socialist system.

Speaking to journalists shortly after he arrived in Hanoi, Fidel Castro said that if the United States were to lift its hostile policies in the future Cuba will be 100 times more beautiful, paraphrasing something that Ho Chi Minh once said about Vietnam.

Castro said: "Our nation has not been able to overcome the economic blockade, which has been strengthened and intensified, considerably hindering our peaceful and creative work and the efforts we have been making."

The president added: "No one can say how much longer the blockade is going to last, but our spirit is ready to continue struggling, persisting, and even to continue advancing in the midst of the hostility and the blockade."

He further said that Cuba is closely observing everything that is being done in Vietnam and noted that "those experiences are of tremendous value to Cuba."

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President Castro said that the new times require decisions, daring, and wisdom to save socialism in the most adverse conditions, adding that what has been achieved and will be achieved in the future by Vietnam is the result of the creative use of socialism and revolutionary doctrine.

On Saturday Cuba and Vietnam signed an agreement in which Vietnam makes a commitment to supply rice to Cuba next year. The top leaders of the two countries were present at the signing ceremony.

Even though the amount involved has not been officially announced, sources close to the talks said that it was in the vicinity of 100,000 metric tons. The agreement was signed by Vietnamese Minister of Commerce Le Van Triet and by Cuban Economy and Planning Minister Jose Luis Rodriguez.

Correspondent on Visit to SRV

PA1012202595 Havana Cuba Vision Network in Spanish 0100 GMT 9 Dec 95

[From the "NTV" newscast]

[FBIS Translated Text] [Anchorman] Commander in Chief Fidel Castro today began, on the first day of the SRV visit, an intense program of activities. To learn details of the development of some of the activities journalist Armando Morales is in our studio. He will establish direct communication, via satellite, with Fabiola Lopez, our special correspondent in Hanoi. Good evening, Morales.

[Morales] Good evening. In fact, we have just established communication with Fabiola Lopez in Hanoi. Good day, Fabiola.

[Lopez] Good day, Morales. I must say good night to you and to all Cubans because here 9 December already began. There is a 12 hour difference between Cuba and the SRV and we are broadcasting live from Hanoi. We are halfway across the world. We are exactly on the other side of the planet. And here like the headlines of the newscast said, there is a great deal of expectation with the visit of our commander in chief.

[Morales] Indeed. That is why we wanted to ask you, what will be the activities of Commander in Chief Fidel Castro this Saturday, which already began for you?

[Lopez] Well, it is already Saturday here and the first activities of the commander in chief will soon begin. Today, he will hold official conversations at the Presidential Palace but before that, he will place a wreath on the Ho Chi Minh Mausoleum and the Museum of Martyrs here in Vietnam. In addition, he will visit the house where Ho Chi Minh lived and worked, a very humble home located in the gardens of the Presidential Palace because he did not like to live in the Palace.

In the afternoon, a cooperation accord will be signed with Vietnam. Fidel will also visit a village and will visit a textile industry.

The program of the commander in chief is very broad, the agenda is very tight, and the delegation wants to visit historical and economic sites, in addition to learning Vietnam's experience first- hand.

[Morales] Fabiola, then....

[Lopez, interrupting] Well, I propose to you....

[Morales, interrupting] I was saying we understand you have some material involving all preceding activities.

[Lopez] Yes, we prepared the material on Fidel's arrival. This material was edited by editor Rosa Maria Roque and it consists of Fidel's arrival in the Noi Bai Airport and later the official ceremony accorded to Fidel.

[Morales] We would like to see that.

[Lopez] The tape is already rolling. [unidentified individuals shouting slogans, signing in Vietnamese] As you can see, there was a great deal of expectation when the commander in chief arrived. The commander in chief arrived in Noi Bai Airport here in Hanoi at 1520 sharp, that is 0320 in Cuba. The commander in chief is paying this visit on an official invitation by Comrade Du Moi, general secretary of the Communist Party of Vietnam. There he is greeting the ministers who went to receive him at the airport.

The official reception here in Vietnam takes places at the Presidential Palace. Here Fidel is about to depart from the Noi Bai Airport. In this footage we see how he gets prepared to go to the Presidential Palace. The Presidential Palace is the former residence of the general governor of Indochina. The people greet him.

There was a great deal of expectation during the arrival and in the preceding days, the press broadly reported Fidel would arrive soon.

The commander in chief has just arrived in the Presidential Palace, where he is awaited by the country's maximum authorities. Du Moi, general secretary of the Communist Party of Vietnam, is the first to greet Fidel Castro. Fidel is talking with Vietnam leaders. He is now greeting the SRV President Comrade Le Duc Anh and he now greets SRV Prime Minister Comrade Vo Van Kiet.

Media sources reported this courtesy paid to Fidel is unusual. It is not common that the country's three

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maximum authorities receive a head of state together, as happened this time. In later conversations the maximum leaders of the country had with Fidel, they expressed their gratitude to Fidel and to our people for the solidarity and support given by the Cuban people to the Vietnamese people during the war years. [playing of national anthem heard in background] Fidel greets 20 girls who were in the welcoming ceremony wearing Vietnam's typical costumes at the Presidential Palace.

Fidel is now getting ready to receive the salute from the (?Fremonil) unit. At this time, they pay military honors to welcome our commander in chief. As everyone knows, this is the second time Fidel is visiting the SRV. He paid the first visit to this country in 1973 during the Yankee aggression. Fidel became the first head of state that crossed the Parallel 17 and visited liberated areas in South Vietnam during the war.

It seems they never forget about that here in Vietnam. Many people I have interviewed in the streets mentioned this to me. Now Fidel is getting ready to review troops in formation, accompanied by Comrade Du Moi, general secretary of the Communist Party of Vietnam.

After this official welcoming ceremony at the Presidential Palace, the Cuban president held his first meetings with Vietnamese authorities at the Presidential Palace. He later held a meeting with Pham Van Dom, who is now an adviser to the Central Committee of the Communist Party of Vietnam. During the first visit by Fidel to Vietnam in 1973, Pham Van Dom was the prime minister of Vietnam. [music playing in background]

Well, Morales, you have now seen what we edited from the official ceremony welcoming Fidel. If you have any questions:

[Morales] Emotions....

[Lopez, interrupting] It seems we don't have much satellite time left.

[Morales] I just wanted to ask you what were your impressions about Hanoi, but if it not possible....

[Lopez, interrupting] I am going to tell you what my impression is very briefly: Hanoi is a modern city in 1995. It is a city with approximately 500,000 motorcycles; it is no longer that city of the bicycles you know about. But we can talk about that in other reports we will also broadcast in other newscast because I am afraid we are running out of time.

[Morales] I am now told we will possibly have a little more time. It has been really thrilling to share this second welcoming of Fidel in Vietnam. And if you have anything else to say about Hanoi, please go ahead:

[Lopez] Well, I wanted to say Hanoi is a wonderful city and its people are also great. Fidel arrived here yesterday and has an intense working program ahead. The Vietnamese were anxiously awaiting him. I interviewed many people in the streets and you will see these in the different television newscasts.

Today Hanoi has 3.4 million inhabitants. I will provide you with further details in other newscasts, as I am being signaled we are running out of time.

[Morales] Well Fabiola, we thank you very much for this material and until we meet again.

[Anchorman] Friends: This has been a live via satellite transmission from Hanoi, capital of Vietnam. From there, a team of this newscast is covering the visit President Fidel Castro is making to that Indochina country. The fact Fidel visits Vietnam now is truly significant, especially after he visited the country during the war 22 years ago. The emotion of the head of state of the Cuban Revolution when meeting again our Vietnamese brothers was present from the first official activities. Here is another report by Fabiola Lopez from Hanoi.

[Lopez] Later, the commander in chief talked at the main room of the Presidential Palace with Du Moi and the highest Vietnamese authorities in an unusual ceremony. It is not frequent that the three maximum authorities of this country receive a head of state together. The secretary of the Communist Party of Vietnam reminded the Cuban president about his previous visit to this country, 22 years ago when the Yankee aggression was taking place. That visit, he said, was a great act of encouragement and inspiration to the Army, people, and Communist Party of Vietnam.

The Vietnamese leader told Fidel that the defeat of the Yankee aggression against Vietnam also resulted from the selfless and generous contribution of the people, government, and Communist Party of Cuba. Du Moi invited the Cuban president to visit the south now, as Vietnam prepares for the eight congress of the Communist Party which will analyze 10 years of renewal.

Later, Fidel held a close meeting with Pham Van Dom, adviser to the Central Committee of the Communist Party of Vietnam and former prime minister during Fidel's visit to this country in 1973.

[Begin recording] [Castro] [words indistinct] do you still remember me?

[Pham Van Dom, in Vietnamese with superimposed translation into Spanish] I also remember you. [words indistinct] today is a wonderful day. [laughs]

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[Castro] Thank you very much. [end recording]

[Lopez] Pham Van Dom expressed his satisfaction at receiving Fidel in Ho Chi Minh's homeland at a time Cuba has perspectives, which is very encouraging.

Commentary on Visits to PRC, SRV

PA1112035595 Havana Radio Havana Cuba in Spanish 0000 GMT 10 Dec 95

[Unattributed commentary; from the "Evening Information Review]

[FBIS Translated Text] President Fidel Castro's visit to the PRC and his present visit to the SRV have improved Cuban relations with those Asian countries.

This was Castro's first visit to PRC in the history of the Cuban revolution. He concluded an extensive agenda in 10 days. This visit allowed him more direct contact with the reality of this Asian giant, which is becoming more involved in the so-called socialist market [socialismo de mercado] under the PRC Communist Party's guidance. This historic process has taken place without jeopardizing their great social achievements, which have turned this country — the most populous on earth — into a community where poverty is something of the past and its secular backwardness is being surmounted.

To clothe, feed, and fulfill the needs of 1.214 billion people is a historic deed in a country that in the last decades began to develop from feudal structures, which had been firmly established for centuries. Furthermore, this was only possible after the triumph of the Socialist Revolution.

Cuba, which has just opened its economy to foreign investment, [words indistinct] structures of the beginning of socialism with the peculiarities of [words indistinct] characteristics of Latin America could gain and has already gained important expertise. For this reason, according to Castro, the PRC's experience is extremely valuable.

This is Castro's second visit to SRV. The first one took place in the center of the war against U.S. aggression. At that time, Castro was the only head of state present. Moreover, he went to South Vietnam, where he held fraternal meetings with the glorious Vietcong guerrillas, who afterward expelled the Yankee invaders from the country.

The Cuban-Vietnam links established during those days, and the solidarity with the Vietnamese combatants, directed and inspired by Ho Chi Minh — father of that distant country — reached its highest level. This time President Castro will be able to enter Ho Chi Minh City freed from the menacing presence of invading soldiers, who had poisoned the country with their vices and crimes.

Castro's presence in Ho Chi Minh, which witnessed so many glories of the Vietnamese combatants and the shameful retreat of the last Yankee invaders, is very symbolic at a time when the struggle of Cubans — harassed by U.S. imperialists for 36 years and oppressed by their concourse since the beginning of the century — is approaching victory with the world's solidarity.

Haiti

PADH Leader's Wife, Party Members Taken Hostage

PA1012230595 Port-au-Prince Signal FM Radio in French 1130 GMT 8 Dec 95

[From the "Waking Up" newscast]

[FBIS Translated Text] A presidential candidate is in the line of fire. The windows at his party's premises were broken with stones yesterday by armed persons, according to Gerard Dalvius, of the Alternative for the Development of Haiti Party, PADH. Mr. Dalvius, a former Army officer and former state justice secretary under the presidency of Jean-Bertrand Aristide in 1991, pointed out that individuals claiming to be members of the Charlot Jacquelin Militant Front, named for a leftist militant killed by the military in 1986, tried vainly to extort from him a sum of 50,000 gourdes for not setting fire to his party's premises, located in the area of Delmas 60.

A group of individuals who claim to be members of this organization took the candidate's wife as well as several other PADH members hostage on the premises of the party. As I told you, the attackers also threatened to set fire to the party premises. Mr. Gerard Dalvius expressed his worry in view of this action, which is aimed — according to him — at his family as well as the premises of the party that he represents in the December presidential elections.

[Begin Dalvius recording, in Creole] I have come to make a statement and — at the same time — a call, because they have taken my wife hostage. Several members of the party have also been taken hostage in the premises of the party. The men... [pauses] there is a group of people, a group of delinquents who came to us as the Carlo Jacquelin Unified Front. Those people are demanding money, they are asking that $10,000 be given to them, threatening to burn the premises with all the people inside if this amount is not given to them within 10 minutes. So, we have been obliged to intervene, as we were somewhere else. At this time, I

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should be at Radio Kiskeya to participate in a program. But unfortunately, as I learned on my way, I am obliged to stay here to manage the crisis. We called the interim policemen. Our interim policemen were not in sufficient quantity. They [words indistinct] We take this opportunity to call on the police ... [pauses] the UN Mission in Haiti, we want to call also on the U.S. military in the country and all other police forces that want order to be restored in the country to go and avert this danger hanging over the premises of the party, which is located at Delmas 67, Rue Camelia No. 15. [end recording]

CEP Holds Security Meeting With Presidential Candidates

PA0912000595 Port-au-Prince Signal FM Radio in French 1130 GMT 8 Dec 95

[From the "Waking Up" newscast]

[FBIS Translated Text] Another meeting will be held today between the presidential candidates; Lakhdar Brahimi, special representative of the UN secretary general in Haiti; General Joseph Kinzer, commander in chief of the UN mission in Haiti; Collin Granderson, head of the electoral observation mission; and Faurel Celestin, interim director of the National Police, at the invitation of the Provisional Electoral Council [CEP]. They will be discussing security for the 17 December presidential election. The meeting will take place at the Holiday Inn this afternoon at about 1400.

Aristide Hopes New Police Force Ready by 7 Feb

PA0912005895 Port-au-Prince Signal FM Radio in French 1130 GMT 8 Dec 95

[From the "Waking Up" newscast]

[FBIS Translated Text] President Aristide says he hopes the National Police Force will be ready to guarantee security throughout the country. President Aristide is very confident and certain that between now and 7 February the security of the population will be ensured by the National Police. The president says he is studying the transfer of some of the interim policemen to the new National Police Force. Furthermore, he has announced the success of several agreements reached with foreign partners.

[Begin Aristide recording, in Creole] [words indistinct] with the United Nations so we could have UN presence in Haiti on the basis of Resolution 940. On 7 February, not only my mandate will come to an end. All of those agreements will come to an end, as well.

Regarding the police force, I hope that between now and then it will have time to gain much more strength and quality, on the training level and also on the level of [word indistinct] so they can do a better job. Fortunately, I feel there is a desire for this to be done. What kind of transition will there be between the Interim Police and the National Police? It is a sensitive and delicate transition which requires much diplomacy, tact, and justice. This means we must not send anyone anywhere without taking into account what he or she is going to do or what he or she is going to live through. [end recording]

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Consul: U.S. Repatriation Plan Viewed Favorably

PA1112001195 Mexico City LA JORNADA in Spanish 8 Dec 95 p 26

[Report by Jesus Aranda]

[FBIS Translated Text] The Mexican Government "views with favor" a U.S. proposal to apply the Voluntary Repatriation Pilot Plan in San Diego, Luis Herrera-Lasso, Mexican consul to San Diego, has said. He pointed out that Mexico will ensure that Mexicans who join this program do so voluntarily.

The consul added during an interview that the number of human rights violations and violent incidents at the Tijuana-San Diego border area have decreased this year in comparison to last year.

Without disclosing the number of complaints filed in 1994 at the consulate he heads, Herrera-Lasso noted that this representation has received 22 formal complaints about human rights violations of fellow citizens, but "many of them are not serious or important."

There were more difficult cases last year, he added without concealing his satisfaction.

As for the Voluntary Repatriation Pilot Program proposed by the U.S. Government to the Mexican Government, a program that will allow about 5,000 fellow citizens to return directly to their places of origin with U.S. economic support, the official noted that representatives of the Secretariats of Foreign Relations and of Government and of the National Immigration Institute will soon meet to assess the program.

He recalled that there is as yet no date for the U.S. program to start, but pointed out that for Mexico it is important that illegal Mexicans detained in San Diego be allowed to return freely to their places of origin.

He, however, stressed that special care must be taken to ensure that their return is "effectively" voluntary.

Herrera-Lasso added that in San Diego there is a "stable" situation with regard to the individual rights of illegal Mexicans. "There have been no major incidents in past months; there is smooth and permanent communication with U.S. authorities, and this has allowed us not only to solve problems, but also to work on preventive measures," he said.

He added that the only regrettable incident during the second half of the year was the drowning of three persons who tried to swim through the Tijuana River, "but this is not attributable to U.S. authorities."

Zedillo Dismisses Agrarian Prosecutor on Chiapas

PA1012040595 Madrid EFE in Spanish 0105 GMT 9 Dec 95

[FBIS Translated Text] Mexico City, 8 Dec (EFE) — President Ernesto Zedillo today announced the dismissal of Dante Delgado from the post of agrarian prosecutor, one of the key positions of the Mexican administration dealing with the Chiapas conlict.

Delgado is very close to former Government Secretary Fernando Gutierrez Barrios, who was mentioned as a likely PRI [Institutional Revolutionary Party] candidate for the 1994 elections and who belongs to the most conservative sector of the ruling party, known as the "dinosaurs."

Dante Delgado will be replaced by Dionisio Perez Jacome, who, until now has been a PRI deputy and former undersecretary of Regulation and Supply in the Secretariat of Commerce and Industrial Development, as well as former under secretary of Civil Protection in the Secretariat of Government.

The dismissal of Delgado was announced in an official communique from the Presidency, which used the term "removal," a very uncommon word to describe the change of officials in the administration, which are often referred to as "resignations."

Sources close to this case told EFE that Delgado's removal resulted from "disloyalty" and because Zedillo felt "he was not fulfilling" his duties as agrarian prosecutor.

This position is key at the time the government is defining their policy to provide answers to the Chiapas conflict, when, on 1 January 1994, the Zapatist guerrillas rose up against the economic and social deprivation of the Indian population.

Dante's dismissal took place a few days after President Zedillo paid a visit to Chiapas.

Investors: Zedillo Lost Control of Privatizations

PA1012191795 Mexico City EL FINANCIERO in Spanish 7 Dec 95 p 12

[Report by Georgina Tristan]

[FBIS Translated Text] Local and foreign investors feel that the government of Ernesto Zedillo has lost "political control" of the privatization of 61 petrochemical plants as deputies are revising the process, Mexican Petroleum (Pemex) lacks the ability to "bind" the sale among the country's political sectors, and more than 20,000 workers reject the privatization of this industry.

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A poll taken among academicians, investors, legislators, and government officials showed that they agreed that the sale of the petrochemical companies could be postponed until 1997, because Pemex has failed to strike enough alliances with oil workers' leaders, which could lead to a political conflict next year.

The international companies interested in purchasing petrochemical plants affirmed that "a tour of the Pemex plants" is not enough, and these companies are demanding an access to the ledgers of each one of the petrochemical complexes, as well as to reports on environmental and labor liabilities and the state of the "infrastructure."

They said that the disagreement between the oil unions and Pemex stems from the "prepotency" of parastate officials to carry out the process and from the little or lack of information to which the unions members have been allowed to have access.

A proof that there is no agreement is the abstention the oil union exhibited during the last Pemex Council meeting, during which the approval was granted for the privatizations of these assets.

The objective of this abstention, they added, was to reject the privatization. This rejection has been openly expressed in several municipalities of Veracruz State — Minatitlan and Poza Rica — where some petrochemical plants are located (Cosoleacaque, Morelos, Pajarito, and La Cangrejera). This disapproval has spread to such municipalities as Salina Cruz in Oaxaca State, Tula in Hidalgo State, and Ciudad Maderos in Tamaulipas State.

Oil union leader Senator Carlos Romero Deschamps openly told EL FINANCIERO that the vote of the Pemex Council was a "vote against" the privatization.

Certain legislators, including PRI [Institutional Revolutionary Party] legislators, have also voice their disagreement with the privatization. Francisco Curi Perez, president of the Fuels Commission of the Chamber of Deputies, voiced his lack of conformity with the process and described it as an attack on the country's sovereignty. Even PRI legislators from Baja California State questioned the process and maintained that there is "a lack of legal or constitutional validity in the sale." They first said that this situation is due to a lack of resolve or consent by the nation to sell the petrochemical companies as it is being based upon constitutional Article 27 and the laws enacted in 1991, under which these companies were created.

Certain industrial associations, such as Canacintra [National Association of Manufacturers], and certain academic institutions, including the School of Chemistry of the UNAM [National Autonomous University of Mexico], argue that the privatization is taking place without having an industrial development plan supporting the development of the petrochemical industry.

The specialists remarked, however, that it seems that the government has paid no attention to all this assertions. According to the statements Energy Secretary Ignacio Pichardo made, the privatization process is lawful, because, according to Article 28 of the Constitution, the secondary petrochemical sector is not one of the government's strategic activities.

Meanwhile, Pemex Director General Adrian Lajous has affirmed that there is no disagreement with the oil union and that the oil workers' labor rights will be fully respected.

However, foreign and domestic conglomerates have pointed out that Pemex has failed to provide information on the petrochemical companies. Among other objections, they also pointed to the labor and environment liabilities and the financial statements of the petrochemical complexes.

The first summoning for the privatization of the Cosoleacaque complex, was issued on 14 November. It will be followed by the summoning for the privatization of La Cangrejera and Morelos complexes in early 1996.

Nevertheless, those who are aware of the political problem that emerged from the workers of the petrochemical industry (oil workers) maintained that it could be a reason to postpone the process for several months and that a political conflict could arise once the year's end "truce" is over.

Businessmen To Stop Tax Payments Indefinitely

PA0912222695 Mexico City LA JORNADA in Spanish 8 Dec 95 p 58

[Report by Patricia Munoz]

[FBIS Translated Text] Businessmen who are members of the National Processing Industrialists Association (ANIT) have decided to stop, for an indefinite period, making payments to the entire Mexican banking system, including paying taxes to the Secretariat of Finance and Public Credit and fees to the Mexican Social Security Institute, Infonavit [Institute of the National Fund for Workers Housing], the Retirement Savings System, as well as state and municipal taxes, and even local and federal public services until "there is the economic change that the country needs."

The Business Alliance of Potosi [Alianza Empresarial Potosina, AEP], the Coordinating Council for Industrialist Associations [Consejo Coordinador de Asociaciones Industriales, Cocai], and the National Business Alliance

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[Alianza Nacional Empresarial, ANE] also signed this agreement.

The dissident businessmen agreed to continue with their actions of civil protest in reaction to a judicial system that is defective and fiscal, financial, and social security systems that are engaging in illegal, corrupt, arbitrary, and repressive practices.

Upon announcing the resolutions of the National Business Convention [Convencion Empresarial Nacional], ANIT President Pedro Salcedo pointed out that the current economic program hurts more than benefits the productive infrastructure and the people.

Salcedo said they will also defend the new Business Group Law and will ask Congress to rescind mandatory affiliation and the paying of fees to private sector organizations.

In addition, the representatives decided to announce nationwide that businessmen are free to join the chambers of commerce and industry.

Salcedo explained at the news conference that the country's political and legal problems have only distracted public opinion from the basic economic problem.

According to Salcedo, the statements by former Presidents Carlos Salinas de Gortari and Luis Echeveria are just a feud between fishwives that contributes nothing and just distracts public opinion from the central issues, since they are members of the same elite who got rich at the expense of the brutal impoverishment of the people.

One must not lose sight of the fact that both leaders followed disastrous economic programs and are only now trying to put themselves in the spotlight since they have lost the power that made them grow conceited, the industrialist said. He added that neither one can be spared from being pointed at.

The ANIT leader indicated they will not slack up until the economic change the country is attained in order to achieve a sustained and sustainable growth in per capita income on a permanent basis.

The Chamber of Deputies has appointed Finance Commission Chairman Francisco Suarez Davila, Saul Escobar, and Citizen Participation Commission Chairman Ofelia Casillas to represent it in the economic talks table on overdue loans.

During a Friday ceremony at the legislative's crystal room, work groups will be installed with the trade, finance, programming, and budget commissions and an agreement will be proposed so the Chamber can ask both debtors and creditors for a legal truce of not less than 24 months.

Alfonso Ramirez Cuellar, national secretary of El Barzon Movement [post as published], reported the above and added they will seek the amendment of Article 363 of the commercial code to avoid the capitalization of interests. They will also seek an amendment and annex to Article 253 of the federal district's penal code in order to set limits on interests on loans by users and speculators.

The limit, Ramirez said, should not exceed 6 percent a month, although whoever exceeds it will be sentenced up to 10 years in prison with a large fine.

During a brief interview, Ramirez indicated that the topics for discussion at the session include the inclusion of the expenditures budget for 1996, the creation of a fund to guarantee the restructuring of overdue loans, and the promotion of development projects.

Ramirez, likewise, stated that the session on agricultural development and overdue loans will be formed on 13 December with the Secretariat of Agriculture, Livestock, and Rural Development, Banrural [National Rural Credit Bank], and Fira [Trust Institute for Agriculture], as well as the session on productive projects with the guidance of Solidarity Businesses [Empresas de Solidaridad].

A meeting will be held two days later with the Commerce and Industrial Development Secretariat and on 18 December with the Communications and Transport Secretariat and the lessors.

On behalf of the El Barzon Movement, Ramirez also called for a prompt solution to the sitdown strike that members of El Barzon and Tapachula are carrying out demanding a fiscal truce.

Bank of Mexico Intervenes To Stabilize Exchange

PA0912224095 Mexico City NOTIMEX in Spanish 2326 GMT 8 Dec 95

[FBIS Translated Text] Mexico City, 8 Dec (NOTIMEX) — The Bank of Mexico [Banxico] intervened in the exchange market today to stabilize the value of the new peso in relation to the U.S. dollar, a currency that sold for as much as 7.84 new pesos per unit.

Eduardo Turrent, spokesman for the institution, said the intervention allowed the interbank dollar, which is sold within a 48-hour time period (spot) in the wholesale market, to fall from 7.84 to the selling price of 7.75 pesos per U.S. dollar.

Banxico said that when the markets were opened, the exchange rate for the spot dollar was 7.75 pesos, the minimum value reached during the day. The maximum was 7.84 pesos. The Mexican peso closed at 7.75 pesos,

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the selling price, which is four cents above Thursday's price.

Banxico did not provide figures, but according to stock market analysts, the intervention of Banxico helped save between $100 and $150 million.

On 9 November, the Banxico intervened for the first time in the exchange market with a "modest amount" of international reserves, some $175 million, which helped reduce the exchange rate for the spot dollar from 8.30 to 7.60 pesos.

A week later, on 14 November, when the exchange rate reached 8.20 pesos per dollar, the Exchange Commission, which comprises the Finance Secretariat and Banxico, decided to intervene for the second time.

On this occasion, the amount used was $175 million, which helped close the peso that day at 7.79 per dollar.

According to officials from the Finance Secretariat, the interventions of Banxico do not involve an abandoning of the fluctuation regimen adopted in December which is useful when accompanied by fiscal and monetary policy actions.

Labor Secretary To Work With Conasupo Study

PA1012020695 Mexico City XEW Television Network in Spanish 0400 GMT 9 Dec 95

[Report by Carla Valencia; from the "24 Hours" newscast]

[FBIS Translated Text] Javier Bonilla, current labor secretary and former director of Conasupo [National Company for Basic Commodities], has stated his willingness to cooperate with the investigations of corruption within Conasupo.

[Carla Valencia] Labor Secretary Javier Bonilla Garcia has stated his willingness to render a statement before the Chamber of Deputies on the Conasupo case and on the irregularities in the management of Conasupo funds committed by Raul Salinas de Gortari.

[Begin Bonilla recording] I am willing to give any explanation or answer any request for information made by the legislators. During my administration, Conasupo had quite an efficient performance, and all of its officials and employees did an outstanding job. This institution operated in a very honest manner and greatly improved its administrative system, as well as its operational and control procedures. I believe Conasupo did excellent work, which has nothing to do with the charges raised against it. [end recording]

[Valencia] Interviewed after the first job performance report of Alfredo (Fariv) Barquet, president of the Federal Board of Conciliation and Arbitration, the labor secretary denied that the approval of the reforms of the Social Security Institute constitute a privatization of pension funds.

DPRK Insurance Firm Authorized To Open Officese

PA1012032295 Mexico City EL FINANCIERO in Spanish 8 Dec 95 p 24

[From the "Tips to Export" column by Alva Sensek: "Now, the North Koreans Arrive"]

[FBIS Translated Text] So far, most foreign investors in the domestic insurance sector have come from the United States or Spain. A few days ago, however, the Korea Foreign Insurance Company [preceding four words published in English] was authorized to open representative offices in Mexico. This company has a very interesting feature: Its headquarters are located in Pyongyang, North Korea. Earlier, the Mexican Government had issued a permit to the same company to operate in the reinsurance sector. Our SHCP [Finance and Public Credit Secretariat] included this additional registration in the new operation permit after a bit of paper shuffling.

To be on the safe side, the Finance Secretariat demanded the company that arrived recently to open offices that will allow auditors to come in and review the ledgers, if necessary. In the past, certain Asian companies had operated through their respective embassies, where the diplomatic immunity rules forbid the entrance by local authorities.

Finance Official Predicts Modest Economic Growth

PA1012142995 Mexico City EL FINANCIERO in Spanish 5 Dec 95 p 24

[Report by Isabel Becerril and Lourdes Gonzalez]

[FBIS Translated Text] The economic decline has begun to revert, but this does not mean that we are experiencing a process of frank recovery, Finance Secretary Guillermo Ortiz has stated, and warned that the sustainable growth will begin taking place as of 1997.

In addition, he said that if the excessive indebtedness of companies and households is not resolved, the recovery process will not take place as soon as expected, because this problem will continue to be a hitch on the path of the country's economic growth.

Guillermo Ortiz remarked that in spite of the "political uproar," a downward trend in interest rates can be

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expected, and he even admitted that as of Tuesday, a new reduction in interest rates will be observed.

He stressed to the industrial community that it cannot be sidestepped that 1995 has been the worst year of the past decades, and that not only was the productive sector adversely affected, but also the Mexican families.

However, he clarified, the problems that led to the crisis have been corrected. We see signs of a recovery, and we will have a better 1996.

During his participation at the National Convention of Industrialists, organized by Canacintra [National Association of Manufacturers], Guillermo Ortiz indicated that in the past weeks, it has been noticed that the situation is returning to its normal state, and the exchange rate "will soon return to more realistic levels."

However, he regretted that the smallest advances made are not being reflected by people's consumption, but they are barely, slightly, being perceived in terms of employment.

He acknowledged that the financial markets are still experiencing an unstable situation, despite the elimination of the imbalances that led to the crisis.

He also mentioned that if the goals set out for 1996 are achieved, Mexicans will have a launching pad for solid growth or a sustained and sustainable growth toward the following year.

He noted that the projections for 1996 are rather modest. The exchange rate is not expected to be overvalued, and a 3-percent growth in GDP and an annual inflation rate of 20.5 percent are expected.

The official stressed that during the first half of 1996, 42.8 percent of the resources assigned to revitalize the economy in general, specifically the manufacturing sector, will be spent.

He recalled that, as of next year, the brunt of the debt will be smaller than the one registered in 1995, since only $10 billion will have to be covered as opposed to the $41 billion paid in the current year.

Ortiz Martinez emphasized that in these past two weeks, "we have again embarked on the correct path; therefore, our current economic program — which is solid — will enable the economy to grow in 1996."

Interviewed during the Canacintra meeting, Jaime Zabludovsky, secretary of International Trade Negotiations and Foreign Investment, admitted that even though $9 billion was expected to flow in, the actual amount of foreign capital invested in 1995 only amounted to $3.5 billion.

He stated that in light of the opening of new sectors to foreign investment, the owners of foreign capital maintain a growing interest in channeling their resources toward Mexico.

Concerning this topic, Mexican Investment Council President Jaime Alatorre said that the country's political instability has not hindered the flow of foreign investment, as most of the projects involved are long-term ones; therefore, they will not be interrupted by temporary problems.

He added that the investments announced for 1996 prove that the large foreign companies continue to channel fresh resources into Mexico's productive activities.

Government Communique Stresses Support for Chiapas Talks

PA1012040695 Mexico City LA JORNADA in Spanish 5 Dec 95 p 19

[Communique issued by the Secretariat of Government in Mexico City; date not given]

[FBIS Translated Text] Regarding the communique issued today by the Harmony and Peace Commission (Cocopa) created by the Congressional Commission for Peace and Reconciliation in Chiapas, the Secretariat of Government wishes to inform the following:

1. This secretariat has maintained a policy of supporting and providing the assistance Cocopa requests for the better fulfillment of the important task it carries out in favor of peace and tranquillity in the State of Chiapas.

2. Our Armed Forces have fully observed the Law for Dialogue, Conciliation, and Dignified Peace in Chiapas. The movement of Army troops observed in some areas is normal and allowed by law; it does not constitute a violation in the commitment to make everything pos. ble to create a favorable atmosphere for dialogue and reconciliation.

3. The Secretariat of Government has ratified to Cocopa its absolute willingness to create the conditions that will make the scheduled dialogue with EZLN [Zapatist National Liberation Army] possible, under the conditions it requests. There will be a meeting tomorrow between the secretary of government and Cocopa to establish the corresponding details.

4. The Secretariat of Government ratifies its determination to promote dialogue as the only way to resolve the problems of Chiapas, and it welcomes the responsible effort Cocopa has always offered in this direction.

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Cocopa-EZLN Meeting Suspension Due to Military Operations

PA1012181395 Mexico City LA JORNADA in Spanish 5 Dec 95 p 19

[By Juan Balboa]

[FBIS Translated Excerpt] Tuxtla Gutierrez, Chiapas, 4 Dec — A land and sea military operation in the past four days has kept the Zapatist National Liberation Army (EZLN) on a state of alert and provoked the cancellation today of the third meeting between Indian leaders and legislators of the Harmony and Peace Commission (Cocopa).

Hundreds of Mexican Army supported by military equipment — more than 15 vehicles and armored personnel carriers, and who are involved in overflights — were deployed to the Indian town of La Realidad, Las Margaritas Municipality, which was to host a preparatory meeting for a special Indian forum organized by the EZLN.

The military operation started on 1 December in Las Margaritas, which includes the towns of Guadalupe Tepeyac — now in the hands of the military — and La Realidad, site for the peace talks. According to area residents, the Mexican Army maintains positions in towns situated along the Guadalupe Tepeyac gorge.

In a press communique Cocopa confirmed the suspension of the meeting with the general command of the EZLN in La Realidad, because there are neither "conditions nor guarantees to carry it out."

The nine legislators and the representative of the state government traveled to the conflict area at about 1500. They returned to Tuxtla Gutierrez by helicopter two and a half hours after witnessing army movements in that community and upon learning that the Zapatists would not attend the meeting due to a lack of conditions and guarantees.

The parliamentarians will meet today with Government Secretary Emilio Chuayffet to ask for an explanation for the military movements and to demand guarantees for the preparatory meeting during the first half of December.

In the coming days they will request a meeting with President Ernesto Zedillo to brief him about the cancellation of the preparatory meeting with the Zapatists and to ask him to help overcome obstacles on the way of the dialogue process in Chiapas as well as guarantees for the Zapatist commander who are participating in various meetings with Cocopa, Conai [National Mediation Commission], and the federal government's delegation.

Current spokesman Juan Carlos Gomez Aranda, state government representative before Cocopa, read the following communique:

"On 2 December, a day after the first government report was presented, there was a meeting between Cocopa and President Ernesto Zedillo at Los Pinos official residence in which we agreed on the need to include the EZLN in the national dialogue to reform the state, and as part of this dialogue, the need to organize a special national forum on Indian rights for the Zapatists that the Congress of the union and the federal Executive Branch are promoting.

In preparation for this event, we traveled today to La Realidad, Las Margaritas Municipality, to hold a preliminary meeting with the EZLN general command. Upon arriving in the town of Guadalupe Tepeyac, 16 km from La Realidad, Conai members advised us that the Zapatist delegation would not attend the meeting due to a lack of guarantees, because intense military equipment movements have taken place in the past four days.

We saw 14 military units of the Mexican Army moving about La Realidad as we overflew the area. [passage omitted]

Attorney General on Salinas, Colosio Investigations

PA1012012595 Mexico City XEW Television Network in Spanish 0400 GMT 9 Dec 95

[Report by Ernestina MacDonald; from the "24 Hours" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] [Ernestina MacDonald] Today, Attorney General Antonio Lozano Gracia revealed in Cancun, Quintana Roo, the amounts of Raul Salinas de Gortari's bank accounts, recently discovered in London.

[Lozano Gracia] "The Mexican authorities filed a petition, and are in the process of temporarily seizing the $22.7 million."

[MacDonald] In a news conference in Cancun, Quintana Roo, within the framework of the Sixth National Conference of Attorney Generals of Mexico, Lozano Gracia explained that the Office of the Attorney General of the Republic [PGR] itself —not the DEA— had detected Raul Salinas de Gortari's phony identity.

[Lozano Gracia] "We had information that the vehicle that took Munoz Rocha to see Salinas de Gortari the day after the homicide, was parked at a house located on Esplanada Street. When the identity of the owner of this house was discovered, the name of Gomez Gutierrez came up. This house was purchased with phony documents, which were issued to Raul Salinas

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de Gortari. Therefore, as I have said, is the PGR who uncovered this information."

[MacDonald] He explained that the DEA provided information to the Swiss authorities on Salinas de Gortari's alleged link with drug trafficking.

[Lozano Gracia] "When Salinas de Gortari learned that we already knew about his phony identity, he took steps to try to recover those funds."

[MacDonald] He explained the charges filed against Raul Salinas de Gortari who is imprisoned in Almoloya de Juarez, the high security prison in Mexico City.

[Lozano Gracia] "Thus far, he is facing homicide charges and action has begun against him for using phony documents."

[MacDonald] The attorney general stressed that the intense preliminary investigations of the assassination of Luis Donaldo Colosio continue and that no hypothesis on the alleged participation of public officials in the assassination has been ruled out.

[Lozano Gracia] "I have reiterated to you that we are working painstakingly in the Colosio murder case; we have not ruled out any hypothesis whatsoever; and we are following all information that might lead us to find clues to clarify this case. For obvious reasons, I cannot give you any details, but the PGR is working on this case and is aware of its significance for society."

[MacDonald] Finally, the attorney general said that, in light of recent events, it is recommended that changes be made on the legislation requiring the clear and public affidavit of assets whenever officials begin and end a term.

Salinas' Brother-in-Law Charged With Real Estate Fraud

PA1012020195 Mexico City XEW Television Network in Spanish 0400 GMT 9 Dec 95

[Report by Ernestina MacDonald; from the "24 Hours" newscast]

[FBIS Translated Text] [Ernestina MacDonald] Luis Yanez De la Barrera, brother-in-law of the brothers Carlos and Raul Salinas de Gortari, did not only swindle more than 1,500 poor families through the illegal sale of homes, but also Cancun businessmen through the illegal sale of commercial shops. The Cancun Plaza Maya commercial project, located between Lopez Portillo and Cava Avenues, was one of such cases.

[Begin recording] [Reporter] Who is the owner of Cancun Maya?

[Luis Colina, businessman] Luis Yanez De la Barrera, the brother-in-law of former President Salinas de Gortari.

[Reporter] Did he deceive you?

[Colina] Yes, he did. As the president of the real estate company, he was responsible for the actions of his collaborators. [end recording]

[MacDonald] Luis Colina said that the real estate company, presumably owned by Yanez De la Barrera, asked the buyers to pay in advance. Later, not only did the buyers not receive anything, but the real estate company vanished from Cancun with the money the buyers had paid in good faith.

Economic, Political Weaknesses Cited

96CA0059A Mexico City LA JORNADA in Spanish 22 Nov 95

[Commentary by Sergio Aguayo Quezada, president of the Mexican Human Rights Academy: "Is There Hope?"]

[FBIS Translated Text] A melancholy torpor brought on by insecurity and skepticism is in the air. There are no easy solutions, and to fuel false expectations that would muddy people's hopes is worse. There are factual reasons underlying people's dejection. The economic situation is bad, and daily life is marked by the anxiety that insecurity creates. These and other problems are magnified by the fact that the country and its institutions have lost their way.

For 13 years now the groups that have reached the summit of power have gone about dismantling the Mexican Revolution, justifying this by citing its many vices and defects. In exchange, they have imposed on us a country model that, according to them, would solve our major national problems.

Unfortunately for them, and for us, the numbers do not add up. Yet they remain determined, because instead of reconsidering their policies, they cling to them, repeating over and over again that they have not failed, but have merely had a momentary setback. While the president lapses into deep silence, various cabinet secretaries make scarcely believable statements about inflation or the exchange rate. The most amusing comment was made by the secretary of labor, Javier Bonilla Garcia: The "rise in prices...exists only in the minds of reporters and housewives."

This attitude seems to be a carbon copy of the one the president of the United States adopted at the start of the Great Depression in 1929. While Herbert Hoover insisted that his economic policies would work, banks

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kept closing, businessmen continued to commit suicide, and the ranks of the jobless grew.

The number of people who doubt the messengers and the message is increasingly exponentially, as it did back then. They are to be found on the left, on the right, and in the center. The most recent editorial in THE WALL STREET JOURNAL (15 November) condemns the economic strategy of the Mexican government, saying that it has been "tried time and time again around the world, with dismal result after dismal result." The real "referendum" on the regime's economic policy is being conducted in foreign-exchange offices, and it is losing because very few people want pesos.

Some circles are saying that the president's lack of charisma is the cause of the skepticism. It may be a factor, but the president's austere manner could serve to reassure people, if Ernesto Zedillo showed that he understood the tribulations and anxieties of most Mexicans. Instead, the messages coming from Los Pinos show the president's determination to impose austerity on others while he preserves his privileges.

The president retained his "secret fund" in the 1996 budget; this time it will be 650 million new pesos (up 30 percent from 1995). It is equally outrageous that the president and senior officials should grant themselves year-end productivity bonuses. Such bonuses are not justified, because in any moderately efficient organization a bonus represents results, and I cannot understand why they are rewarding themselves when the results they are delivering are so poor.

A few weeks ago I wrote an article indicating how much it cost for an excessive number of officials to accompany the president on his trip to New York. One reader remarked to me that it was in poor taste to discuss the issue of how much money the president spends. It is indeed unpleasant, but one of the duties of a citizen is to demand that the authorities report on how they are spending money that does not belong to them, and I think it is up to the president to set an example.

So then, objective reality and the president's style are fueling skepticism, which is heightened because there are no viable alternatives to the president's proposal. The National Action Party (PAN) is protesting the way economic-policy decisions were made but is careful about denouncing the policy because it agrees with the general thrust of what is being done. PAN is prepared to wait while it goes about picking up scraps of power.

It is the Party of the Democratic Revolution (PRD) that is protesting most energetically, though without presenting specific proposals and while some of its leaders are evincing signs that they are still living in other regions of the ether.

Cuauhtemoc Cardenas went to Cuba and said there that he could not imagine "that Cuba would grant protection to Carlos Salinas." Mr. Cardenas, please. Fidel Castro and his regime have been allies of Mexican authoritarianism for decades and did what they could to help Carlos Salinas. To ignore this relationship (and to remain silent about the excesses committed by the Cuban regime) has been one of the failings of the Mexican left that are apparently not being corrected.

For his part, Andres Manuel Lopez Obrador put forth a proposal to the effect that the people who are dissatisfied with economic policy or the lack of democracy should form a common front to offer a renewed national project to rescue the Mexican Revolution from neo-liberalism. The proposal is loud and clear. But why exactly should we want unity? What part of the Mexican Revolution is salvageable and what part deserves to be forgotten? How is this appeal related to the alternative economic program submitted at the "Referendum of Freedom"? On the left there seem to be no convergences, just monologues competing for the stage. There is no social agent through which to implement opposition, and without such a social agent, good ideas remain just that: Ideas.

In short, the discredit and weakness of Ernesto Zedillo's regime are as real as the lack of opposition alternatives. The vacuum that this creates explains the strong credibility attached to the rumor of a coup d'etat and the feeling of dejection that one finds all over.

In order for hopes of something different and better to arise, the existing proposals have to be honed and lent the political substance that they currently lack. After all, realism will always be better than self-deception.

New Coffee Production Policy Criticized

96CA0062A Mexico City LA JORNADA in Spanish 14 Nov 95 p 16

[Commentary by Luis Hernandez Navarro, adviser to the National Coordinating Board of Coffee Grower Organizations and researcher at the Center for Studies for Change in the Mexican Countryside (CECCAM): "Coffee With a Bureaucratic Aroma"]

[FBIS Translated Text] On 31 October the secretary of agriculture introduced the Alliance for the Countryside. He devoted 10 lines of his speech to the measures that the Secretariat of Agriculture is considering for promoting coffee production in Mexico. In Chiapas a few days later, he spoke at greater length on the issue. On 8 November during the National Conference

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of Regional Operations Councils, the deputy secretary of agriculture discussed an eight-point program for the sector. These measures are a dramatic example of how government works in our country: By evading the central problem and proposing actions that are not very realistic.

Coffee is a key product in Mexico's rural economy. It is produced by about 282,000 growers on 760,000 hectares. Ninety-two percent of them are minifundistas [holders of very small plots], with under five hectares of land; many Indians have no other production options. Coffee production occupies one-fifth of Mexico's cultivated land area. It has generated about 36 percent of the value of Mexico's agricultural exports, in a country that needs foreign currency.

The central proposal of the Agriculture Secretariat calls for offering plants and a credit and technical assistance package so that small producers (with no more than 10 hectares) may renew their coffee plant stock. It seeks to boost productivity by introducing earlier-producing varieties and by raising plant density from an average of 1,400 plants per hectare, the present density, to 3,300 plants in eight years. As incentives, the federal government is offering to establish coffee seedling nurseries and the requisite technical assistance, payment for 50 percent of the cost of replacement stock, and credit. The goal is to increase production from six quintals per hectare to 43 in eight years.

The proposal addresses one major problem of Mexican coffee production: The low production levels (barely nine quintals per hectare) and the decline of domestic coffee production. It has dropped dramatically from 5.44 million 60-kilo bags in the 1988-89 season to a little over 4.116 million bags in the 1993-94 season. This production collapse resulted from a combination of factors, which can be summarized as basically three: The downturn in international coffee prices; the hasty and disorganized process of the elimination of Inmecafe [Mexican Coffee Institute]; and the lack, for all practical purposes, of a coffee policy. These processes all came about simultaneously.

The governmental initiative is inviable for three basic reasons: Land factors, market signals, and atrophy in the marketing process.

First, because on a great many farms it is practically impossible to fit in 3,300 plants. Coffee is normally planted on hillsides or on extremely steep terrain where the Indian peoples have had to retreat, and these areas have nothing in common with the offices where bureaucrats draw up their plans. Coffee is frequently part of a traditional multicrop system that provides a good number of useful plants.

Second, the producer invests his resources depending on a variable combination of signals in which prices play a key role, but which also include access to credit (both farm and commercial loans), the cost of inputs, and income from daytime wages earned outside his own property. The government study speaks of an average price of $100 per quintal for the next eight years. That estimate is absurd in today's market conditions, that is, without the restoration of a quota system to regulate production and consumption. Even at the end of last month when coffee supplies declined in the consumer nations, coffee prices rose practically not at all.

With things as they now stand, if there are no major natural disasters that destroy coffee supplies, in the next few years prices will continue their downward trend. Moreover, because of Mexico's crisis, the cost of credit is rising and its availability is limited.

Third, the grower does not produce any more if the increased income from his labor remains in other hands. Despite the activities of a variety of producers' organizations, the existence of an extensive network of middlemen who absorb the surplus in the marketing process tends to discourage production. The government's initiative ignores this variable.

This program's objective implies almost quadrupling the present production volume. That means producing more than a country like Colombia, where coffee growers have a price support system, scientific research, technical assistance, and guaranteed access to markets. Moreover, if Mexico did achieve the production the bureaucrats want, there would be a dramatic collapse in international coffee prices.

Without trying to defend minifundio [very small holdings] coffee production, this system has survived the crisis of the last five years much better than the mid-sized and large coffee plantations, which require sophisticated technological packages and must make major investments in the acquisition of agrichemicals and credit.

Moreover, the government's proposals ignore the environmental implications of this initiative. While it is true that a single crop system like the one proposed does produce maximum yields, from the perspective of sustainability it has very high costs on watersheds, soil conservation, the maintenance of biodiversity, carbon retention, and pollution by agrichemicals. On the contrary, as Patricia Moguel and Victor M. Toledo have pointed out (LA JORNADA DEL CAMPO, 26 September 1995) "traditional coffee-production systems may give rise (through appropriate technological upgrading and certification) to sustainable systems...."

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The government's initiative overlooks a large number of the problems of Mexican coffee production that need to be addressed: From an absurd international policy that has earned us a reputation as strikebreakers, to the failure to promote the consumption of Mexican coffee inside Mexico; from the lack of mechanisms to regulate the purchase price in the field to the low value of Mexican coffee abroad. All this is directly attributable to the last administration, which seemed to believe that the best policy for the sector was to have no policy.

In the meantime, the poverty of the diagnosis and the unworkable nature of the measures the government has announced exude the unmistakable aroma of bureaucracy.

Armed Forces Warned on Political Activism

96CA0064A Mexico City REFORMA in Spanish 9 Nov 95 p 7A

[Commentary by Lorenzo Meyer, Colegio de Mexico historian and international relations specialist: "The Armed Forces as Political Actor"]

[FBIS Translated Text] **Change of Position**

The unfortunate rumor making the rounds of the world's financial centers last Friday—the possibility of a coup d'etat in Mexico—made it clear that, as a result of the current economic and political crisis, the Army has moved from the marginal political position it occupied for decades to a position dangerously close to the very center of decisionmaking.

It would be best for this particular state instrument—the Armed Forces—to return to its traditional place as soon as possible. However, for that to happen, other institutions—the Presidency, Congress, and the parties—would have to fully shoulder their responsibilities in this lengthy and difficult political transition process.

As we all know, on Friday, 3 November, at precisely seven minutes before 1000, an international news agency transmitted to the four corners of the globe a report stating, as a rumor, the possibility that Ernesto Zedillo might be negotiating his resignation from the presidency with top Army officers, and that a military officer might run the country until new elections were called. After denials from the Defense Secretariat here and the White House in Washington, and the direct observation of reality, it was possible to quell that rumor, but not before damaging the Mexican peso, for while it finally closed at 7.5 to the dollar, hours earlier it had reached a level of eight.

A historian and keen observer of current political and economic processes, Emilio Zebadua, maintains that Mexico's economic crisis is due to an abuse of economic orthodoxy (LA JORNADA, 4 November). I think he is right, but, on the other hand, the fact that outside Mexico credence was given to the rumor of a military coup is due precisely to the opposite phenomenon: the fact that in the area of Presidency-Army relations, both Ernesto Zedillo and the Army have moved away from orthodoxy too rapidly, and have created a problem that might not be easy to resolve. In fact, it was the unfortunate combination of an economic crisis that has been both deep and persistent, with the bogging down of political negotiations and the mishandling of public relations between the president and the Defense Secretariat that made it possible for an irresponsible rumor spread by foreign news agencies to be taken as a certainty in international financial centers.

What happened on 3 November is an indicator of the degree of deterioration that the Mexican Government's image has suffered abroad, for otherwise it is not comprehensible that for a few hours the always well-informed international financial institutions—for billions of dollars depend on their correct information—could believe that the 20th century's most stable government in Latin America should end its days as the victim of such an unmodern and discredited action in the postcommunist world—a military coup.

A Little History

The Army was born in New Spain relatively late—in the second half of the 18th century—and it was created as a reaction by the viceroys to British threats to the colony. This was a small Army without much political significance, but everything changed abruptly when the War of Independence broke out, as the internal conflict made the Army the central factor of power. The situation did not change with independence; on the contrary, General Santa Anna became, to the nation's misfortune, the *factotum* of politics. Only the strong presidencies of Benito Juarez first, and later Porfirio Diaz were able to dislodge the Army from the center of the political system and subordinate it fully to the executive.

The revolution of 1910 unexpectedly returned the Army to its old role as a central political actor, but its action as the leader of the nation's destiny was again disastrous: the military coup of General Victoriano Huerta in February 1913 resulted in a policy that was as corrupt as it was simplistic, and instead of putting an end to the revolution, the military in power ultimately ignited the entire country. The defeat of the coup leaders by popular armies was of such proportions that the Federal Army simply disappeared. But while the Army of the old regime left the political scene in 1914 through the treaties of Teoloyuca, the new Army—

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the Revolutionary Army—remained the central political institution until the state party gradually replaced it as the foundation for the new regime.

In December 1940 General Manuel Avila Camacho decided to eliminate the military sector from the state party—which under Cardenism had been transformed into a party of the masses—and declared the military apolitical. The climate created by World War II helped to modernize and professionalize the Armed Forces, and to return them to where they were before November 1910. What greatly helped to consolidate this process was the fact that after 1945 any real possibility that the Mexican Army might have to confront another professional military force ceased to exist—facing the United States was unthinkable and facing Guatemala and Belize was unnecessary. Starting at that time, the strength of Mexican civil institutions gave a low profile to public relations between the Presidency and the Army, although it was still considered necessary that the secretary of defense be a general and not a civilian as in modern political systems, and that from time to time other generals would come to occupy positions in government, and that there would always be military representation in Congress.

The Change

President Ernesto Zedillo is a professional economist who is an innocent in the upper spheres of politics, and he has had to take charge of the leadership of the Mexican ship of state at a time of upheaval. Perhaps it was his political inexperience, combined with the extraordinary nature of the situation—the major economic and political crises—which led him to show, practically from the start of his term in office, a predilection for appearing in public with military officers who, by definition, are the very image of force. Then in February 1995 the president decided to rely more on the direct action of the Defense Secretariat to resolve the indigenous rebellion in Chiapas and less on the Interior (Gobernacion) Secretariat, despite the fact that at the Interior Secretariat there was a man in whom everyone had great confidence—Esteban Moctezuma—and also despite the fact that the Chiapan problem was, and continues to be, a problem that is fundamentally political and social, not military.

This presidential weakness coincided with an almost absent Interior Secretariat and with a general-secretary of defense who has seemed more determined than his predecessors were to play the political activism card. That activism in a political situation as uncertain as the present one may come in part from the fact that in the recent past the Army has had to pay for some big mistakes made by civilians. Maybe that is why military institutions—the Navy has already begun to take part in the game—now seem more determined to remain close (to keep an eye on?) to the officials responsible for the formulation of policy.

In fact, over a quarter of a century ago the blunders and authoritarianism of Gustavo Diaz Ordaz caused the Army to have to put out a fire that presidentialism itself had ignited, but which it was unable to control by political means. One reaction to the clampdown and political repression of 1968 was the guerrilla war of the 1970's; another time the Army was the instrument politicians used to solve problems by means of a "dirty war" whose memory is today kept alive by Mrs. Rosario Ibarra, and whose essence was captured in all its brutality by Carlos Montemayor in his book "Guerra en el Paraiso" ["War in Paradise"]. Finally, Salinist neoliberalism also passed on to the Army a bill that the technocrats should have paid. Salinism, which sidelined all the sectors it considered incapable of modernization—from businessmen who could not export, to Indians—which put the instruments of security into the hands of a Mexican of very recent vintage—Jose Cordoba—and which refused to deal with the Chiapas problem in time, so that when the postponed problem finally erupted in the form of the Zapatist uprising, it was the Army and not the arrogant technocrats that had to take back Ocosingo amid bloodshed and fire. And that takeover produced a flood of images of war—soldiers against Indians—which in a matter of hours went round the world.

A Cure Worse Than the Disease?

It is understandable that an Army of 175,000 men (1994 figures) that takes pride in its revolutionary and popular origins would try to avoid a repetition of the errors of the past, so that it would today remain very close to the actions of a political class which in the last quarter of a century has gone astray time and time again. Nevertheless, high-ranking military officers must be kept from making the same mistake as the technocrats: underestimating the complexity of politics. Politics is an activity that requires the delicate and subtle management of many variables, and some of the military who have been meddling in politics show that it is not easy for them to master that art. Consider two recent examples: Graciliano Alpuche in Yucatan and Absalon Castellanos in Chiapas. Today when presidential power has declined without the appearance of another power to take its place, it is not a good idea for the military establishment to pursue the spotlight so determinedly, as when they invited the U.S. Secretary of Defense to take part in a sort of military TLC [Free Trade Agreement] or when they decided to speak out publicly on the Alliance for Economic Recovery on the last day of October. Those

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actions lead people to think that this activism is the product of the weakness of civilian institutions, and in particular, the weakness of the Presidency.

In Army-Presidency relations, during this time of transition it would be best for the Mexican political process to return to orthodoxy and for the Armed Forces to keep a low profile.

Rubio on Dollar Adoption, Parastate Sales

96CA0065A Mexico City REFORMA in Spanish 26 Nov 95

[Commentary by Luis Rubio, political and economic reform advocate and director of the Center of Research for Development: "Alternatives to a Failed Program"]

[FBIS Translated Text] We have reached a critical point for the economy and for the country in general. It is a critical point because the economic policy, no matter how sound its initial principles may have been, has not borne fruit. If anything, expectations are much lower today than they were 10 months ago. The perception of uncertainty is spreading ever more worrisomely. This is causing discouragement and annoyance among the people, prompting some to begin regarding ways out of the crisis that are exceedingly dangerous, not to say terrifying, as as if they were normal and natural.

The economic situation is worsening by the day. On the political side, although relations between the parties have clearly improved, no one can deny the simple fact that the level of despair among most Mexicans is becoming dangerously high and could easily turn into a fuse that extremist groups with their own interests could light for their own benefit. The perception that things were improving (or at least not getting worse), which seemed to be growing stronger towards the middle of the year, has been fading as the result of belated or unsound decisions and, in certain instances, of a lack of decisions and definitions, combined with a wrong-headed, absolute refusal to deal with reality. The context is growing more complicated because there is an increasingly widespread sensation that the country has no solutions and that we are headed inexorably towards chaos.

The fact is, however, that there are solutions, several solutions. As with everything in life, not all of the options are good or equally attractive, but there are options. They depend on three conditions: first, the diagnosis of the problem; second, the vision of the future and the political capacity and willingness to undertake difficult courses that could, in some cases, entail great risks; and third, the political and ideological preferences of each individual. On some occasions these conditions are explicit but almost always ignored, even though they are always present.

What we have at present is a mistaken diagnosis of the financial problem that has faced the country since the crisis erupted; a willingness to implement an economic program and pursue it to the bitter end, in spite of the high probability that the initial diagnosis was erroneous; and an ideological conflict among several approaches, within the government, among the parties, and in society at large, as to what path we ought to take. Such indecision, combined with the mistaken initial diagnosis, is sinking us fast, without much likelihood that we can achieve the indispensable economic recovery along the way.

The diagnosis was erroneous essentially because there was a refusal to acknowledge that since 1994 and for good reasons the country has been facing a serious problem of lack of confidence. Last year's violence, the rash solutions to the capital flight that the violence triggered, and the current government's insistence on modifying the previous program, including the anchor of the entire economic policy, which was certainty, led to last December's devaluation and to the accelerating deterioration that we have seen throughout this year. Instead of acknowledging the confidence problem and seeking to build on an economic structure that was essentially sound, though not without problems, we remain in a seemingly uncontrolled spiral owing to the simple fact that all government actions have failed to address the problem of confidence. What is more, all of the government's actions and declarations show that not only is it not concerned about confidence and certainty as problems but also blames the population for their existence. The government does not recognize that its main function as a government above all else is to create an atmosphere of certainty that creates confidence among the people.

The path that has been adopted means a permanent conflict inside the government concerning the central issues of economic policy (as has been the case with exchange-rate policy), an amazing persistence in fiscal policy in general, and an absolute rejection of any solution lying outside an orthodoxy hemmed in by an inaccurate diagnosis and an astounding lack of imagination. It is for this reason that given the strategy adopted, we are very likely headed at an accelerating pace towards a solid wall, which there is less and less chance of avoiding. In the face of this, there seem to be two options.

The first, which would depend on one miracle after another, would be to repeat the injustices of the 1980's; to abandon all hope of regaining exchange-rate stability

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and to enter the world of economic fantasy; to accept inflation as inevitable; to lower interest rates artificially, and to try and get the economy moving again regardless of what may be happening in the rest of the world. This plan, a revamped version of what Alan Garcia did in his day in Peru, would provide some immediate breathing room, only to lead us into uncontrollable chaos later. In spite of all the businessmen and politicians who dream of this world of miracles, it is praiseworthy that the government has avoided falling into this simple trap.

The alternative would be to admit the error in diagnosis and to face the problem once and for all. This would mean accepting that there is a serious problem of confidence that is not going to resolve itself and that the Mexican economy is not going to recover without an infusion of something like $50 billion, which is the size of the hole in national finances. Without purporting to be exhaustive, I think that there are two ways to achieve this, either separately or in combination. One possibility would be to adopt the dollar as the national currency by means of a monetary union, whereby the problem of confidence in the currency would vanish. If truly successful negotiations were conducted in this regard, the Mexican economy could begin recovering literally overnight. The other possibility, whereby we would rely exclusively on ourselves, would be to sell off the government's assets (that is to say, the parastate enterprises) and thus raise the funds needed to repair the damage and amortize much, if not all, of our foreign debt. The question is whether the government is going to cling not only to its economic dogmatism but also to the historic dogmatism of postrevolutionary governments.

Neither of these options is going to be popular among the critics of current economic policy. Nevertheless, the time has come to begin admitting that either the economy gets moving or the country collapses. Even worse, if the economy collapses, as seems inevitable in the current situation, the government and what little remains of the institutional structure could collapse too. The time has come for tough decisions and to stop pretending that nothing is the matter and that recovery is just around the corner.

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El Salvador

Police Seize Radio Equipment, Close Stations

PA1012235495 San Salvador EL DIARIO DE HOY in Spanish 6 Dec 95 p 5

[FBIS Translated Text] In a synchronized action in several parts of the country, the National Civilian Police (PNC) seized equipment from approximately 12 radio stations that were operating without authorized frequencies.

The PNC reported it proceeded to seize the equipment of the so-called "community stations" because they did not have the National Telecommunications Administration's (ANTEL) approval and were interfering with the signals of legal stations.

The PNC reported it had closed the following community radio stations: "Segundo Montes" in Meanguera, Morazan; "Izcanal" in Nueva Granada, Usulutan; "Ulua," in Cacaopera, Morazan; "Presencia" in Santa Rosa de Lima, La Union; and "Cooperativa" in Santa Elena, Usulutan.

Similarly, the following stations were fined: "Victoria" in Villa Victoria, Cabanas; "Suchitlan" in Suchitoto, Cuscatlan; "Exel" in Zaragoza, La Libertad; "Teo-Radio" in Teotepeque, La Libertad; and "Nejapa" in Nejapa, San Salvador.

Radio "Sumpul" in Guarjila, Chalatenango, was the only station that the PNC could not close because residents resisted the action and surrounded the policemen.

The equipment that was seized is being held by the lower court of San Francisco Gotero, capital city of Morazan Department.

Up to 5,000 Colones in Fines

In a letter sent by ANTEL President Juan Jose Domenech to PNC Director Rodrigo Avila — which was obtained by EL DIARIO DE HOY — Domenech explains that the stations had been forewarned and did not heed the warnings.

The official asked for the temporary seizure of the equipment and that they be remitted to the court, without inhibiting the fines of up to 5,000 colones that could be ruled in the administrative trials the radio stations will have to face.

EL DIARIO DE HOY tried to get more information from ANTEL officials, but the organization's spokesmen explained that a more detailed report on the issue will be issued today.

ARPAS Protests

The Association of Participative Programs and Radio Stations of El Salvador (ARPAS) [Asociacion de Radios y Programas Participativos de El Salvador] has issued a communique stating that the PNC "closed and silenced" the radio stations in an unconstitutional manner.

According to the penalized stations, there is "enormous confusion regarding social communication in Salvadoran law" where government and commercial spheres have more weight than public service, social development, and culture.

ARPAS Antonio Perez said authorized radio stations see them as disloyal competition but "in reality, our mission is social and non-lucrative."

ASDER's Position

When they were consulted, the Salvadoran Broadcasters Association (ASDER) spokesman declared that they are not against community radios but do oppose the illegal operation of such radios and the interference they cause with legally established ones.

"ASDER defends the legally established radio broadcast industry and does not back illegal operations," he indicated.

ARPAS, for its part, asserted that the radio stations had taken steps to legalize their operations but had not received a favorable reply to their requests.

According to ARPAS, all the closed radio stations are low-powered stations and broadcast only to the part of the department from which they originate and comprise "essentially peasant, educational, and participative" programs.

They Have Operated Since 1992

Most of the community radio stations have operated since 1992, the year in which the Salvadoran Government and former guerrillas signed peace agreements that put an end of 12 years of war. Many of the stations are located in communities that used to be war zones.

FMLN Leader Denies Statements on Zona Rosa Massacre

PA0912230595 San Salvador Canal Doce Television in Spanish 1830 GMT 6 Dec 95

[Report by Milagro Vallecio; from the "Up-to-Date" newscast]

[FBIS Translated Text] [Anchorman] FMLN [Farabundo Marti National Liberation Front] leader Jorge Shafik Handal today made it clear that the

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former guerrilla organization had no participation in the killing of seven U.S. citizens and counselors during the so-called Zona Rosa massacre.

[Vallecio] The FMLN leader denied EL DIARIO DE HOY's statements which claimed that he had said that the command general considered the Zona Rosa massacre good initiative by the urban commands. Handal insisted that the newspaper has misrepresented his statements.

[Begin Handal recording] I do not know why she did not inform me that she worked for EL DIARIO DE HOY and why the interview was not published directly from the recording, but rather from notes drawn up by the EL DIARIO DE HOY editorial staff, misrepresenting what I had said. I emphatically declare that I have not made any statements to that editorial staff. [end recording]

[Vallecio] Handal argued that at that moment, the command general claimed responsibility because of solidarity toward the members of the urban commands who performed this massacre. Nevertheless, he made it clear that the command general did not issue the order. The leftist leader affirmed that the FMLN has no further information on this, and that it is only waiting for the results of the U.S. Government investigation.

Guatemala

Soldiers Begin Patrolling Streets To Reduce Crime

PA1012050095 Guatemala City SIGLO VEINTIUNO in Spanish 8 Dec 95 p 2

[FBIS Translated Text] More than 1,000 soldiers, suported by land and air units, began patrolling the country yesterday in the early morning hours, according to one of the officers responsible for coordinating operations with civilian forces.

We are already on the streets, he stated, *especially in those areas where we have detected certain types of problems, like organized gangs of criminals, kidnappings, and car theft.*

The officer said that operations will be carried out all across the country, in keeping with a drafted plan, and in the case of the interior of the country, coordination will be in the hands of military zone commanders and departmental National Police [PN] chiefs.

Combat Infrastructure

Armed Forces Spokesman Guillermo Caal Davila indicated that the number of soldiers that will be used to guarantee citizens security cannot be specified, because the main duty of the Army is to fight against guerrillas.

However, he noted that several battalions will be deployed and they will consist of troops, specialists, and officers, as well as the routine security offered in armed crimed-stricken areas.

According to Caal Davila, *the groups assigned to the streets have the ability to counter any kind of action, which will help in the struggle against the wave of violence that has appeared in recent days. For instance,* he explained, *the military police from General Headquarters have training in riot control, while the military police on foot have security knowledge and training.*

We have all the necessary infrastructure to help fight criminal behavior, he expressed.

Meanwhile, Government Minister Carlos Reynoso Gil indicated that since Tuesday, he has been working at the Joint Operations Center (COC) of the PN with Army officers to fine tune the plan that will be implemented all over the country with vehicle and air support from military forces.

Reynoso Gil stressed that the security operations, which seeks to maintain stability until the transfer of power next January, will be under the responsibility of the Ministry of Government, in spite of the fact coordination is carried out together with soldiers.

Meanwhile, Defense Minister Marco Antonio Gonzalez Taracena stated that no less than 2,000 military police officers and military policemen on foot will support the PN.

Army Spokesman Denies Number of Troops Over 58,000

PA0812183595 Guatemala City PRENSA LIBRE in Spanish 7 Dec 95 p 3

[FBIS Translated Text] Colonel Guillermo Caal Davila, chief of the Army's Information and Press Department, DIDE, denied yesterday that the armed corps has more than 58,000 members, as revealed by the Institute of Strategic Studies in London, which was quoted by a Honduran official.

We do not know where the colonel got the information, but it is incorrect, Caal said in his DIDE office when consulted at 1300.

He said the Army is actually comprised of 36,000 members and this includes troop personnel, specialists, and officers. He considers that 36,000 members is an acceptable number for a country like Guatemala, which has faced an internal war for over 35 years.

We may have more personnel than other countries but we lag behind concerning the technology, he said when citing the number of airplanes that El Salvador

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possesses. In his opinion, they are more modern than Guatemala's airplanes.

You must also remember that our territory makes travel difficult and it is the largest country in Central America, the spokesman said.

President Not To Urge Further Dialogue Among Cubans

PA1012235295 Guatemala City PRENSA LIBRE in Spanish 2 Dec 95 p 3

[FBIS Translated Text] According to Guatemalan Foreign Minister Alejandro Maldonado Aguirre, President Ramiro de Leon Carpio stopped his plans to mediate between Cuban political sectors and to further a dialogue with representatives of Cubans living in Miami.

The Guatemalan foreign minister was asked about the meeting President De Leon Carpio held with representatives of political groups during the Summit of the Americas last year. The groups requested he mediate with the Cuban Government to establish a dialogue to be able to reach an agreement on the democratization of the island.

Maldonado stated that, on that occasion, the Guatemalan president, *as was due a statesman*, had offered his help, but things only got to this point because *you cannot get very far when you do not have an immediate response* to your efforts.

President De Leon Carpio, he added, tried to begin a dialogue with internal political sectors in Cuba. However, since he did not obtain a response, the president decided not to insist in this endeavor as other mechanisms will arise at a later date.

Of course, he stressed, the Cubans are the ones who have to say whether they accept or not. At that time, the president only showed his goodwill. However, there are other paths, and we hope they will be explored.

Roberto Robaina, the Cuban foreign minister and mathematics professor, was asked to comment on President De Leon Carpio's efforts. He replied that he did not know of the Guatemalan president's plans and, at the same time, recalled that Cuba's internal matters must be resolved by the Cubans themselves.

Vice President: Ties With Cuba 'Inappropriate'

PA1012033995 Guatemala City SIGLO VEINTIUNO in Spanish 2 Dec 95 p 5

[Report by Marco Tulio Trejo]

[FBIS Translated Text] The first regular meeting of the Foreign Relations Ministers Council of the Association of Caribbean States (ACS) concluded yesterday with the creation of a great economic-political bloc that will try to negotiate political positions in important international organizations, in order to promote development in the region.

This group wants to form an economic-political bloc consisting of 27 countries, which will be able to negotiate political positions in organizations such as the United Nations or the OAS, when elected positions are involved.

In addition, they will seek cooperation in three important areas: commerce, transportation, and tourism, with the latter having the most potential in Caribbean countries.

The documents resulting from this meeting have not yet been made official or final because they must be submitted for the approval and consideration of the countries comprising the ACS.

Guatemalan Investors Will Travel to Cuba

Within the framework of the meeting, a group of Guatemalan businessmen had breakfast with Cuban Foreign Relations Minister Roberto Robaina.

The businessmen and the Cuban official agreed that in January, a Guatemalan delegation will visit the island to identify what this market has to offer the Guatemalan private sector.

Chamber of Agriculture President Humberto Pretti reported this meeting was attended by businessmen from the shipping, airline, and tourism industries, and some industrialists. According to Pretti, the Chamber of Agriculture is not interested in investing in Cuba.

Herbruger: Better Stay Away From Cuba

Our government must maintain prudent distance in the relations with Cuba, because it is politically inappropriate to establish diplomatic ties, Vice President Arturo Hebruger Asturias has expressed.

For the vice president, Guatemala and many countries must safeguard their relationship with the United States and, in this regard, they will have to rule out the opening of embassies or any other type of exchange that may bring them closer to Cuban policies.

Honduras

Government Welcomes Plan To Create ID Card

96P20141A San Pedro Sula LA PRENSA in Spanish 6 Nov 95 p 46A

[FBIS Translated Text] Delmer Urbizo Panting, secretary of state of the Central-American Parliament, said that the Parlacen proposal concerning Central-American

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nationality is being well received by the governments and social sectors of the region.

The Parlacen promotes the use of an identification card for the Central-Americans. This will allow the person unrestricted movement throughout the member nations.

If we are moving toward an economic and commercial integration, we also aim for political integration, said the secretary of state, who supports all efforts to achieve this objective.

The secretary of state added that the international community looks approvingly on the current exhumation of some of the victims of political repression during the last decade.

The secretary of state was present yesterday during the opening of the seminar on "Communication, Peace, and Development," promoted by the University for Peace based in Costa Rica.

Panama

System for Subversive Groups Operating in Country

PA0912014895 Panama City EL PANAMA AMERICA in Spanish 7 Dec 95 p A1

[Report by Arnulfo Barroso Watson and Juan Manuel Diaz]

[FBIS Translated Text] Given that President Ernesto Perez Balladares has said no "terrorist" will be protected, police sources have revealed there is a well organized system in Panama logistically supporting subversive groups of Central and South America that consists of professionals from various fields.

The capture in Peru of Pacifico Castrellon Santamaria, a Panamanian painter and former architecture student, in a safe house of the Tupac Amaru Revolutionary Movement (MRTA) has revealed plenty of information on the Panamanian connection to international subversion.

Juan Gonzalez, of the National Counterterrorism Directorate of Peru, has said part of the arsenal seized from the MRTA was brought from Panama.

Meanwhile, Presidential Intelligence Chief Jose Luis Sosa has admitted Panama is being used for gunrunning from Central to South America. He did not rule out that it could also be used to shelter guerrilla leaders or that local banks are receiving their deposits. "Gunrunning exists, and we cannot deny it. There is a certain number of weapons being trafficked from Panama to the south, and we have noted this for a long time," he added.

President Perez Balladares has said they are following up on the investigations in Peru to determine any ties between Panamanians and the MRTA so as "to ensure this does not occur in Panama should it be true."

Meanwhile, Peruvian Ambassador to Panama Alfredo Ross has said intelligence and follow-up work started since an arms shipment exploded in the Port of Cristobal in February.

Ross has said the law against terrorism in Peru admits no "exceptions," and thus the treatment given to any person, national or foreign, is in keeping with the "seriousness of the crime committed."

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Argentina

Senate Approves Vazquez as Supreme Court Justice

PY0812144995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2103 GMT 7 Dec 95

[FBIS Translated Excerpt] Buenos Aires, 7 Dec (NA) — The Justicialist Party [PJ] today managed to obtain Senate approval of the appointment of Adolfo Vazquez as Supreme Court justice. To this effect, the PJ was forced to weave an alliance with provincial congressmen to achieve the required two-thirds of the votes.

Despite the opposition's strong challenges, Vazquez's appointment was approved by 29 of the 43 senators present. Before the approval, there were long discussions in which the UCR [Radical Civic Union] and the PAIS [Open Politics for Social Integrity] front concentrated their criticism on the violation of a Senate regulation, establishing seven working days to raise objections against the candidate appointed by the PEN [National Executive Branch].

Twenty-six PJ senators, two Neuquen Popular Movement senators, and Carlos Oyarzun, a senator for the Tierra del Fuego Popular Movement (Mopof) voted for the approval of Vazquez's appointment. Vazquez described himself as "an old friend" of President Carlos Menem and a champion of the government's economic policy.

Vazquez's appointment — for replacing Ricardo Levene (Jr.), who resigned, as Supreme Court justice — was rejected by the UCR bloc, the PAIS front bloc, the Autonomist and Liberal Pact of Corrientes senators, and Alfredo Avelin, a senator for San Juan's Renewal Crusade. [passage omitted]

Lower House Passes Bill Repealing Patent Law

PY0812132895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0106 GMT 8 Dec 95

[FBIS Translated Text] Buenos Aires, 7 Dec (NA) — Unanimously and without any discussion, the Chamber of Deputies tonight enacted a bill repealing Law 111 on patents and a regulatory decree issued by the executive branch.

Therefore, the amended patent law, establishing a five-year period for national laboratories to begin paying royalties to the owners of pharmaceutical formulas, remains in effect.

This clause of paramount importance for our national industry had been amended by a regulatory decree issued by the government that understood that it was violating international agreements.

The bill, which now has become a law and without any doubt will elicit adverse reactions from the executive branch and foreign pharmaceuticals entrepreneurs, was sponsored by PJ [Justicialist Party], UCR [Radical Civic Union], and other opposition blocs.

The approval did not take more than one minute. The senators followed suit and did exactly the same.

Following this decision by our congressmen, the relations between the executive branch and Congress, which are not going through a favorable period, could become even more strained.

Executive Branch 'Encroachment' on Congress' Powers Seen

PY0912013695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1957 GMT 5 Dec 95

[Special report for NOTICIAS ARGENTINAS by Hector Polino, Front for a Country in Solidarity deputy for the City of Buenos Aires]

[FBIS Translated Excerpt] Buenos Aires, 5 Dec (NA) — On 18 October, the executive branch issued Decree No. 590 "regulating" the Law on Patents on Inventions and Useful Models. This decree was the culmination of a long and drawn-out process of disagreements between Congress and the executive branch.

The heart of the matter is that the executive branch wants a Patent Law that is tailored to the needs of foreign pharmaceutical companies, whereas Congress enacted a law that contemplates the interests of domestic pharmaceutical companies and of local consumers of medicines.

Following the president's partial veto of Law 24481, which was sent back to the Senate with 16 objections on the grounds that it violated Law 24425 that ratified the Marrakesh Agreement, Congress finally bowed to some of the foreign pharmaceutical companies' demands.

Not content with the new legislation, the executive branch refused to publish the modified law in the official gazette until Congress finally enacted Law 24572, euphemistically termed a "corrective" law.

They perpetrated the legal absurdity of "correcting" a law that had not yet come into force, but that had required more than two years of discussion.

This notwithstanding, foreign pharmaceutical companies were still dissatisfied with the Patent Law and continued bringing pressure to bear on the executive branch, which eventually issued Decree No. 590 on 18 October 1995.

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This is a regulatory decree and, therefore, must not alter the spirit and the letter of the law. Article 99, paragraphs 2 and 3, of the Constitution leaves no room for doubt about that.

This decree is clearly unconstitutional because it violates the principle of separation of powers, since the executive branch ascribes to itself powers that are exclusively vested in the legislative branch.

Like Decree No. 621 issued on 26 April 1995, Decree No. 590 is in fact a new Patent Law because it introduces a series of regulations which replace statutory provisions, thus openly contradicting the law it is regulating.

Indeed, the legislation described in the 79 articles of this decree constitutes a new Law on Patent on Inventions and Useful Models.

In the light of this brazen encroachment upon the powers and duties of the Argentine Congress, the latter cannot sit back impassively. National dignity demands that it halt the pressures exerted by vested interests that treat us like a trading post.

We have the obligation of putting things straight by ending the defamation of discredit brought on Congress.

This is why I submitted, on 24 October, a bill propounding the abrogation of Decree No. 590 in order to enforce the constitutional principle of the separation of powers and thus check the executive branch's encroachment on Congress. [passage omitted]

Menem Cancels Trip to La Rioja; No Reason Given

PY0812125195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2240 GMT 7 Dec 95

[FBIS Translated Text] Buenos Aires, 7 Dec (NA) — President Carlos Menem unexpectedly decided to cancel his scheduled trip to La Rioja Province this afternoon, apparently over a knee problem that has become worse.

Government sources failed to announce the official reasons for the cancellation of Menem's trip to his home province, where he planned to combine official activities and rest during this extended weekend.

Menem today cut short by a few hours his visit to Punta del Este where he, along with his counterparts from Uruguay, Brazil, and Paraguay, participated in the Mercosur [Common Market of the South] summit.

Government House official sources noted that the only reason for cutting short Menem's visit to Punta del Este was that the summit's working agenda was fulfilled before the time scheduled on the original protocol.

Menem arrived shortly after 1400 today at the metropolitan airport and went to the Olivos Residence where his personal doctor, Alejandro Tfeli, immediately subjected his right knee to physiotherapy.

Government sources admitted that the president remained at the Olivos Residence this afternoon.

Government sources said shortly before 1700 that the president had not yet made a final decision on canceling his trip to La Rioja that had originally been scheduled for 1730 today. Nevertheless, the president did not go the metropolitan airport at that time. Therefore, it became obvious that the trip had been canceled.

Brazil

Central Bank Orders Study of Economico 'Pink File'

PY1112111795 Sao Paulo AGENCIA ESTADO in Portuguese 2103 GMT 8 Dec 95

[FBIS Translated Text] Brasilia, 8 Dec (AE) — Here is the text of a communique released today by the Central Bank [BC], announcing the formation of a committee to investigate who was responsible for leaking information contained in the so-called "pink file" that includes the names of politicians who allegedly received donations for their election campaigns in 1990. The note is signed by BC Administrative Director Carlos Eduardo Tavares de Andrade and is dated 7 December.

"The administrative director, exercising his authority, and considering the press reportage on the existence of a so-called "pink file" that was found when the Economico Bank was placed under trusteeship; considering the file allegedly contains information on operations not related with banking activities; considering the press reports that the Central Bank allegedly leaked information on the contents of the file; and considering BC internal norms (Article 108, clause VIII, of the BC statutes) that employees are obliged to "remain silent regarding papers and matters entrusted to the Central Bank which he has come to read because of his post or function,

Resolves:

I — The appointment of BC employees Carlos Alberto Amorim Junior (registration No. 1732381-0), Marissa Jussara Noll Barboza (registration No. 6998929-6), and Warly Silva Leite (registration No. 9803744-7) — under the presidency of Amorim — to form an investigative committee to determine within 15 days who was responsible for leaking Central Bank information.

II — The committee will be installed and begin working within five days as of today.

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Brasilia (Federal District), 7 December 1995

Carlos Eduardo T. de Andrade

Administrative Director

Cardoso Rejects 'Pressure' on 'Pink File'

PY0912013495 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 8 Dec 95

[Report by Luiz Augusto Mendonca at Planalto Palace]

[FBIS Translated Text] Presidential spokesman Sergio Amaral has just announced that President Fernando Henrique Cardoso has not received, nor will he accept, any pressure concerning government officials, especially regarding the pink file, which contains names of politicians who received donations from the Econonico Bank.

Amaral said the matter does not concern the incumbent administartion because the donations were made five years ago. He added that the Central Bank [BC] has already sent the documents to the Attorney General's Office.

President Cardoso has also noted that reports of a reshuffling of either his cabinet, his staff of Planalto aides, or of the BC staff are groundless.

Amaral added that Artur da Tavola, president of the Brazilian Social Democracy Party [PSDB], today called Clovis Carvalho, chief of the Civilian Household, to deny reports that he had called for Carvalho's removal.

Finally, a meeting between President Cardoso and governors has just concluded here at Planalto Palace. It has been agreed that the federal administration will set up flexible terms to enable the states to restructure their debts.

Editorial Views Remarks by U.S. Treasury Secretary

PY0812130195 Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Dec 95 Section 1 p 2

[Editorial: "Pearls from Rubin"]

[FBIS Translated Text] As U.S. Treasury Secretary Robert Rubin put it, the consolidation of the Real Plan depends on the success of state reforms. For some people, the reforms are being implemented slowly. Yet they are being implemented as fast as possible, taking into account the natural political difficulties of the change. In the opinion of Rubin, the Real Plan has quite sound foundations. He believes that "the major point now is the political process of the reforms."

Even though what he verified is almost obvious, his remarks are revealing. After all, even though illustrious foreign visitors generally make positive commentaries on the country they are visiting, the markedly political tone of the commentaries is important news.

Incidentally, it is especially important if one takes into account the usually tactless commentaries that foreign officials — especially U.S. officials — have made about Brazil.

"I followed up reforms in several countries, and I know it is a very long process," Rubin said. He has obviously seen the difficulties in his own country, where the Republican majority is raising major obstacles to the policies of the Clinton government.

Government Voices Concern Over UNITA 'Restrictions'

PY0912025095 Sao Paulo AGENCIA ESTADO in Portuguese 2219 GMT 8 Dec 95

[FBIS Translated Text] Brasilia, 8 Dec (AE) — Foreign Minister Luiz Felipe Lampreia has given instructions to Alexandre Addor Neto, Brazilian ambassador to Angola, to convey to UNITA [National Union for the Total Independence of Angola] the Brazilian Government's concern about the movement restrictions imposed on the Brazilian troops serving in Angola under UNAVEM [United Nations Angola Verification Mission], and to request that such restrictive measures be lifted. UNITA, which controls the region, wants to be kept informed of any movement by the 200-man Brazilian peacekeeping force, which is stationed in Andulo, a city located near Luanda.

UNITA has authorized the return of 22 Brazilian soldiers, who had been surrounded by UNITA rebels, to their base in Andulo. The soldiers had been surrounded by the rebels as they were setting up a camp. As soon as they were surrounded, the Brazilian soldiers followed UN instructions by suspending their activities, and by remaining in their position until a solution was found. Although the new UNITA imposition does not pose any risk to the battalion stationed in Andulo, Itamaraty decided to take action because it understands that the Brazilian peacekeeping force should not be subjected to any movement restrictions. Itamaraty spokesperson Vera Machado acknowledged that Ambassador Addor Neto will have to engage in delicate political negotiations with UNITA.

Roundup of Economic Reports Through 8 Dec

PY0912021495

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 8 December:

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BASIC LEADING INDICATORS

Industrial Production Increases — The Brazilian Institute of Geography and Statistics, IBGE, has reported that industrial production increased by 1.1 percent in October compared to September, thus confirming the moderate recovery trend that started in September. The accrued growth during the September-October period stands at 3.1 percent. IBGE reports that industrial expansion from January to September this year was 3.5 percent higher than that of the same period in 1994. Production of durable consumer goods, which had experienced an accrued increase of 15.1 percent for the entire year of 1994, has already increased by 14.3 percent during the January-October period this year. A major difference is the fact that in 1995 industrial expansion has been based on a 20 percent expansion in the production of household appliances, while auto production increased by only 1.8 percent. In 1994, industrial production was primarily based on auto production. Consumption of inexpensive items largely accounted for the 5.1 percent expansion in nondurable consumer goods reported from January to October this year. This percentage is above the 3.9 percent average growth reported in the industrial sector during this period. Production of ice cream increased by 68.9 percent; pharmaceuticals, by 21.4 percent; beverages, by 21.4 percent; poultry production, by 10.4 percent; and dairy products, by 14.4 percent. The average industrial production increase was not higher only because of the poor results obtained in orange juice production, which declined by 47.7 percent, and footwear, which declined by 11.2 percent. In comparison with October 1994, industrial production in October 1995 declined by 2.3 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 2314 GMT 7 Dec 95)

Rising Unemployment in Amazonas — More than 100,000 workers were employed last year by the civil engineering construction sector and by the metalworking industry in Amazonas State. This year, unemployment rates among construction workers and metalworkers stood at 50-70 percent, the highest rate reported in the state in the past five years. More than 18,000 metalworkers lost their jobs in the Manaus Free Zone and 12,000 workers were dismissed by construction companies. Launching a national campaign to promote the creation of jobs, Luiz Antonio de Medeiros, leader of the Union Force trade union, said today in Manaus: "Unfortunately, this is a tragic situation that is not only taking place in Amazonas, but also in Sao Paulo and in other states." Berenicio Lima, president of the Association of Civil Construction Companies, said that construction companies employed 27,000 workers in 1994. He noted that jobs declined by 70 percent in the construction area this year because no one wanted to invest in new construction projects for fear of the frequent measures issued by the economic team. (Sao Paulo AGENCIA ESTADO in Portuguese 2334 GMT 7 Dec 95)

November General Price Index — Paulo Sidney Cotta, chief of the Price Index Department of the Getulio Vargas Foundation (FGV), has reported that the IGP-DI (General Price Index-Domestic Availability) rate stood at 1.33 percent in November, which is 1.10 percent higher than that of October. Cotta expects, however, that the December IGP-DI rate will stand somewhere between 0.5 and 1 percent. Thus, inflation as measured by the IGP-DI will range from 15 to 15.5 percent in 1995. Accrued inflation from January to November 1995 stood at 14.47 percent. The FGV reported that the Consumer Price Index increased by 1.25 percent in November; that is, 0.62 percent higher than that of October. Leading items accounting for the increase are housing, which increased by 2.32 percent; miscellaneous expenses, by 1.75 percent; and food, by 1.23 percent. Garment prices experienced a 0.01 percent deflation. (Sao Paulo AGENCIA ESTADO in Portuguese 2133 GMT 7 Dec 95)

National Consumer Price Index — The IBGE has reported that the National Consumer Price Index, INPC, stood at 1.51 percent in November; that is, 0.11 percent higher than that of October. The Wholesale Consumer Price Index, IPCA, increased by 1.47 percent, which is 0.06 percent higher than that of October. These two indexes reflect price variations reported beteween 31 October and 29 November. (Sao Paulo AGENCIA ESTADO in Portuguese 1433 GMT 8 Dec 95)

Power Shortage Envisaged — According to estimates of the Mines and Energy Ministry, starting in 1997 Brazil will have a 14 percent deficit in the generation of electricity. This means that Brazil will have serious power supply shortages unless expansion projects are implemented, including those projects whose construction will be entrusted to the private sector. Experts have traditionally considered a 5 percent deficit to be manageable. The federal government's expansion project envisages the increase of the installed capacity by 21 megawatts through the concession of 34 power plant projects until 1999. Construction of diesel-operated plants has been planned for the northern region to supply energy to Manaus, Porto Velho, and Macapa. Coal-operated plants will be built in Rio Garnde do Sul and Santa Catarina states. (Sao Paulo AGENCIA ESTADO in Portuguese 2316 GMT 7 Dec 95)

Electro-Electronic Production — Nelson Freire, president of the Brazilian Electro-Electronic Industry Association, Abinee, has reported a 15 percent growth and a sales volume of $28.2 billion in 1995. Despite adverse

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situations such as competition by foreign products, high interest rates, and restricted credit, the electro-electronic sector reached a production level that is far higher than the national industrial average. Imports of electro-electronic items jumped by 35 percent in 1995, totaling $8 billion. Exports amounted to $2.7 billion, which represents only a 5 percent growth over that of 1994. Exports accounted for only 9.6 percent of the overall sales volume and for 10.6 percent of the overall Brazilian exports. The telecommunications sector accounted for $2.4 billion of the sales volume in the electro-electronic sector in 1995, which represents a 16.2 percent increase compared to that of 1994. (Sao Paulo AGENCIA ESTADO in Portuguese 2037 GMT 8 Dec 95)

FINANCIAL OPERATIONS

BNDES Credit To Counter Dumping — The National Bank for Economic and Social Development, BNDES, is going to supply a line of credit to promote investment in those companies that have been hardest hit by the opening of the Brazilian econony. The first sector to profit from this new line of credit, which will be available early in 1996, is the footwear industry, which in recent years has lost the better part of its $2 million in annual exports. BNDES President Luiz Carlos Mendonca de Barros noted, however, that these loans will be given only to competitive companies based on long-term investment projects because this one sector that has "suffered with the opening and has been affected by dumping practices." (Sao Paulo AGENCIA ESTADO in Portuguese 2310 GMT 7 Dec 95)

Senate Approves Debt Rescheduling — To protest the administration's high interest rate policy, the Senate today authorized the 100 percent rescheduling of Bahia State's debts in bonds totaling 530 million reals (R). Earlier, a state could reschedule only up to 98 percent of its debt and was required to pay the remaining 2 percent. Senator Jader Barbalho, leader of the Brazilian Democratic Movement Party in the Senate, said: "The high interest rate policy is rendering the finances of state governments unmanageable." Barbalho said the Senate could not just take the federal government's accounts and must defend the states against "a policy which is causing the debts of state administrations to triple." The Goias State administration already requested that it be accorded similar treatment to that given Bahia State. (Sao Paulo AGENCIA ESTADO in Portuguese 2302 GMT 7 Dec 95)

FISCAL, MONETARY ISSUES

Three Banks Liquidated — The Central Bank, BC, yesterday ordered the out-of-court liquidation of three banks based in Rio de Janeiro. They are: BFC, Investcorp, and the GNPP — Grupo Nacional de Previdencia Privada. Former BC President Francisco Gros was a stockholder of the BFC. The BC has decided to intervene in these banks due to their having serious liquidity problems. Since the implementation of the Real Plan, the BC has intervened in 26 banks, 17 of which have been subjected to out-of-court liquidation, six placed under a special regime of temporary administration (Sao Paulo State Bank, Rio de Janeiro State Bank, Produban, Bemat, Beron, and Nacional) and three placed under management by trustees (Comercial, Economico, and Mercantil). (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Dec 95 p B3)

Banking Guarantee Fund Created — Representatives of banks created, in Sao Paulo on 7 December, the Credit Guarantee Fund (FGC), which is designed to honor the deposits of customers up to R20,000 if the operatinog public or private bank is liquidated. Members of the FGC Council of Administration have also been installed. Roberto Konder Bornhausen of Unibanco will preside over the Council, which will also consist of Lazaro de Mello Brandao, president of Bradesco; Olavo Egydio Setubal, of Itau; Julio Rafael de Aragao Bozano, of Bozano, Simonsen; and Paulo Cesar Ximenes, president of the BC. Each bank will contribute, on a monthly basis, 0.025 percent of the balance of the guaranteed deposits. (Sao Paulo AGENCIA ESTADO in Portuguese 2306 GMT 7 Dec 95)

Monetary Base Growth Declines — Francisco Lopes, BC director for economic policy, has told AGENCIA ESTADO that the growth rate of the monetary base declined in November compared to that of October. Lopes said the monetary base increased by 3 percent in November compared to that of October, if daily balances are taken into account. He said the growth stands at only 1.41 percent if calculations are based on monthly balances. Due to purchases of foreign currency by the BC, the highest expansion in the monetary base occurred in October, when it stood at 8.3 percent — based on daily balances — and at 14.1 percent, based on monthly balances. Lopes said the November expansion rate shows that, despite granting financial assistance to banks, the administration is not going to give up its austere monetary policy. In terms of the monetary base, the BC assistance to the banks meant fueling the economy with $4 billion in November, Lopes said. (Sao Paulo AGENCIA ESTADO in Portuguese 1934 GMT 8 Dec 95)

COMMERCIAL VISITS, OVERTURES

Ikuo Shimizu, Honda general manager for the Americas, has said in Sao Paulo that the Honda plant in Brazil

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will require an initial investment of $100 million. The Honda plant may be set up in either Minas Gerais, Santa Catarina, or Rio Grande do Sul. Honda plans to set up its base for reaching the Latin American market in Brazil. (Sao Paulo AGENCIA ESTADO in Portuguese 2052 GMT 7 Dec 95)

Chile

Foreign, Economy Ministers View Expected Accord With EU

PY0912013995 Santiago EL MERCURIO in Spanish 6 Dec 95 p C3

[FBIS Translated Excerpt] The new bilateral agreement reached with the European Union, EU, will be signed in the first half of 1996 in keeping with the original timetable outlined by the Chilean Government.

This position was expressed by Foreign Minister Jose Miguel Insulza and Economy Minister Alvaro Garcia, who also praised the EU General Affairs Council for postponing its decision on the guidelines of the negotiations on the Chilean case for the next few months.

They positively evaluated the decision made on 5 December in Brussels, where only the text of the political declaration to be signed by the two parties was approved, while the negotiations on the Chilean and Mexican cases were postponed because it was estimated that no major progress has been made in the work.

Garcia said that the decision to hold negotiations with the EU in the first half of 1996 is really nothing new. He added: "We expected this to occur, and consequently this decision does not mean that the negotiations have been postponed."

Insulza stated that he believes the delay in approving the guidelines of the negotiations favors Chile. He voiced hope that the EU General Affairs Council has accepted some of the Chilean proposals on the new bilateral agreement. He said: "I obviously prefer that the proposals be approved in January or February rather than now, and in a way we don't want."

Garcia termed positive the decision to include the Chilean position in the political declaration agreed upon in Brussels, which must be signed by the European and Chilean governments. This fact clearly shows the EU decision to reach a free trade agreement with Chile.

As for the negotiations to join the Common Market of the South, (Mercosur), Insulza said that Chile is determined to make progress in the negotiations. He pointed out, however, that he will not sign any agreement that could jeopardize Chilean interests. [passage omitted]

Polemic Surfaces in CPPD on Constitutional Reform

PY0812155995 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 8 Dec 95

[FBIS Translated Excerpt] Before the polemic referred to the human rights issue, now a new polemic has surfaced within the Coalition of Parties for Democracy [CPPD] over the constitutional reforms.

The tremendous discussions regarding the human rights project, almost without intending to do so, beclouded an issue within the CPPD that had only involved the rightist sector: the constitutional reforms.

The Socialist Party [PS] has now joined the debate by warning that the National Renewal [RN] Council meeting in Temuco had approved a proposal completely different to the one made by the government. Contrary to what had been agreed, this proposal strips the chief of state of the power to make a decisive vote within the National Security Council, states that the vacancies left by the designated senators cannot be covered with elected legislators, and determines that the seven members of the Constitutional Court will ultimately be ratified by the Senate and not by the President. [passage omitted]

[Begin recording, PS Chairman Camilo Escalona] RN's proposal turns the president of the Republic into a mere registry office that will be in charge of passing the names from the Supreme Court to the Senate. [end recording]

The PS, which has stated that it fully supports the constitutional reforms, made an appeal to act cautiously. [passage omitted]

In the opinion of the Christian Democratic Party [PDC], the agreements reached in Temuco are the same as the government's proposal and, therefore, it urged RN to honor its commitment.

[Begin recording, PDC Chairman Alejandro Foxley] I think everyone will feel very let down if, after six years of living in democracy, the rightist sector is still incapable of revealing a minimum autonomy regarding the de facto powers, and this is what is happening now. [end recording]

After meeting with the interior minister in La Moneda, RN endorsed the socialists' fears.

[Begin recording, RN Vice President Alberto Espina] The socialists have realized our proposals are different to those proposed by the government. If the reforms that are approved are the ones proposed by our party, I am sure the party will approve them, and if they are the

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ones proposed by the government, the party will reject them. [end recording]

In view of the dilemma, the government insisted it will try to get Congress to approve its proposal. [passage omitted]

In the opinion of the Independent Democratic Union [UDI], both the human rights and constitutional reform projects will be rejected in Congress. [passage omitted]

The fate of the reforms will only be known in January when the Senate votes on them.

Colombia

Samper Denies Medina Statements, Cali Group Ties

PA0912201895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 9 Dec 95

[Report by announcers Hernan Castrillon and Adriana Escobar and reporters Ivan Dario Parra and Edgar Moreno Morales from the "Cripton Newscast"]

[FBIS Translated Text] [Castrillon] President Ernesto Samper has stated that Santiago Medina had already worked as treasurer of Luis Carlos Galan's and Cesar Gaviria's campaign when he offered to work for Samper's presidential campaign. The president said the process that is about to end was perversely started by Santiago Medina's fictional statements, as a result of his bitterness because he was not offered the diplomatic post he sought.

[Parra] President Ernesto Samper said in his statement to Deputy Heyne Mogollon, who is in charge of the investigation, that he has never had any ties with drug traffickers, much less with Cali group people, adding no money was diverted from his presidential campaign through the use of a double set of books. All checks or donations received were immediately registered in the books and, according to the information from his campaign managers, expenses for his electoral campaign totaled 3.8 billion pesos, meaning 200 million pesos under the limit established by the National Electoral Council.

President Samper said in his statement that Santiago Medina bases all his charges on falsehoods, and he uses truthful reports to reach erroneous conclusions. Likewise, Samper emphatically denied he ever received a single dollar from Santiago Medina. He was the treasurer rather than me, the president said.

The president said later on: My contacts with administrative and financial affairs were very sporadic. The truth is that the task of the candidate, as in any other campaign, was to maintain contacts with large enterprises. The president proved before the Accusations Committee that, following the assassination attempt against him, he traveled in an Avianca airplane to recover in the United States and returned in an airplane owned by industrialist Carlos Ardila Lule — thus denying Medina's statements that Miguel Rodriguez lent him a private airplane to travel abroad.

Ernesto Samper stated that all of Medina's lies are based on his frustration and resentment that he was not appointed to a diplomatic post in Europe.

[Escobar] President Samper's statements to Mogollon are part of the 2,000-page dossier that was given to members of the Accusations Committee several days ago and they are now preparing to issue a ruling next week. In his statement, published today in EL TIEMPO, President Samper denied all of Medina's accusations.

[Moreno] In his statements to Heyne Mogollon, President Ernesto Samper denied he received any offer from drug traffickers to finance his electoral campaign. He also said there were no secret pacts or clandestine meetings with shady figures to collect funds for his campaign.

Later on Samper said: The Recoletos Pact never existed. I never reached, and will never reach, a pact with drug traffickers. The Recoletos Pact only exists in the mind of Santiago Medina, who tried in a twisted way to make persons and situations coincide around an alleged pact in Madrid. I repeat, it never occurred.

Santiago Medina had asserted there was a picture of the meeting. The picture has yet to appear, and no one knows if it really exists. Samper's statement indicates that Santiago Medina confidentially commented, when Samper was a presidential candidate, that he would participate in a breakfast at Cali with people that were not well known. Samper ordered him to cancel the meeting.

The president says he never knew if Medina followed his orders and, if the meeting was held, it was done due to Medina's personal interests.

Commission: 'Inconsistencies' in Medina Statements

PA1012201495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 10 Dec 95

[From the "Cripton Newscast"]

[FBIS Translated Text] It has been revealed that members of the Accusations Commission found many incon-

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sistencies in the accusations made by Santiago Medina, treasurer of the 1994 Ernesto Samper campaign.

During this three-day weekend, the 14 members of the Accusations Commission have carefully studied Accusations Commission member Heyne Mogollon's report handed to them on Wednesday, 6 December. After carefully studying all the statements obtained by Mogollon, the congressmen have found serious contradictions in Santiago Medina's statements submitted during an inquiry.

According to the congressmen, it is clear that the Pact of Recoletos, where the financing of Samper's campaign with drug trafficking money was supposedly planned, never took place.

Dates, names, flights, and situations were compared and they do not match Santiago Medina's statements. Likewise, an alleged part of the publicity of the Liberal Party campaign with drug-trafficking money could not be proven either.

According to the congressmen, Medina's statements resemble a soap opera, which has begun to deflate.

Officials: Samper Not Linked to Drug Money in Campaign

PA1112032195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 11 Dec 95

[From the "AM/PM" newscast]

[FBIS Translated Text] Heyne Mogollon, president of the Chamber of Representatives' Accusations Committee, said President Ernesto Samper is not responsible for the entry of drug trafficking money into his campaign, when recommending a writ of prohibition [auto inhibitorio]. Heyne Mogollon collected about 80 pieces of evidence during the four months of his investigation.

These are excerpts of some of the statements collected by the president of the accusations committee:

Julio Andres Camacho said: Dr. Samper never had any communication with the Rodriguez brothers.

Jose Roberto Prieto affirmed: The Liberal Party candidate always warned his assistants that his campaign must be aboveboard.

Publicist Mauricio Montejo said: I have no knowledge that the president participated in any transaction whatsoever.

Priest Bernardo Hoyos affirmed: During the seven hours I spoke with the Rodriguez brothers, at no time did the president's name come up.

These, and more than 35 statements, are part of the inhibitory context [contexto inhibitorio] delivered by Heyne Mogollon. This document has no surprises. A surprise may come with the decision the Chamber of Representatives' Accusations Committee may make.

Tomorrow, the accusations committee in full begins to study whether it is to investigate President Samper or not, a decision that will be revealed before 15 December.

Former Cali Accountant Unsure on Campaign Funds

PA1012201195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 10 Dec 95

[From the "Cripton Newscast"]

[FBIS Translated Text] Guillermo Pallomari, a former accountant of the Cali group and now a DEA informer, showed signs of doubt when the faceless prosecutors sent to the United States to question him asked if he could confirm if La Rebaja Drug Stores' money came from the drug-trafficking business, which according to him had entered the Liberal Party campaign.

In his statements to the faceless prosecutors, Pallomari said he could not say for sure that the money used by La Rebaja Drug Stores to operate came from the drug-trafficking trade. Pallomari worked for 10 years as systems manager of this drug store chain and in his statement he said that during that time he never saw the Rodriguez Orejuela brothers in the offices or giving orders to employees.

In another part of his extensive statement, the former accountant of the Cali group said Miguel Rodriguez did in fact paid certain bills such as hotels, plane tickets, and restaurant bills for journalist Alberto Giraldo, but denied or least said he did not know if Giraldo received a salary as an employee of Rodriguez Orejuela.

When the prosecutors asked Pallomari how he knew the money that financed the campaign of congressional and presidential candidates came from the drug-trafficking business, Pallomari answered: I cannot say for sure.

Officials on Identity of Former Cali Group Accountant

PA1112001095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 10 Dec 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] Authorities are certain that the DEA informant, who now serves as a witness in the

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United States, was the Cali group's accountant. What is not certain is whether his name is Pallomari.

[Begin Reporter Oscar Galvis recording] While more details are released about the statements made by Guillermo Pallomari, the Cali group's former accountant, his true identity remains a mystery. A letter sent by Francisco Malavet Delgado, secretariat chief of the Cali Regional Prosecutor's Office, to Francisco Capacho Torres, immigration coordinator for the DAS [Administrative Department of Security], read in part: Be forewarned that the Special Joint Command has reported that Pallomari bears documents probably belonging to a deceased Chilean.

In a separate 9 July 1994 incident, the former commander of the Search Bloc's army component ordered the DAS to arrest Pallomari because of a confirmed false identity. Without explanation, he was released the day following his arrest, even though he admitted having been in charge of accounting for 29 businesses belonging to the Rodriguez Orejuela brothers.

The other question deals with Pallomari's refusal to sign the two statements made before faceless prosecutors in the United States, despite the fact that many people consider him the key witness in Case 8000. [end recording]

Ecuador

Bodies of Soldiers Buried at Peruvian Border Recovered

PY0812215795 Madrid EFE in Spanish 0108 GMT 8 Dec 95

[FBIS Translated Text] Quito, 7 Dec (EFE) — The Ecuadoran defense minister reported today that the bodies of three Ecuadoran soldiers buried in the border zone under dispute by Ecuador and Peru, which is currently a demilitarized zone, were evacuated.

The Defense Ministry communique says that the bodies of Captain Angel Rivera, Corporal Richard Burgos, and soldier Vicente Rosero will be transferred to their homes for their "Christian burial."

The bodies were evacuated within the framework of the agreements reached by the Ecuador-Peru Military Observers Mission (MOMEP), which also established the demilitarization of the zone where the two countries engaged in a military conflict early this year.

Deputy Foreign Minister To Assess Ties With Peru

PY0812233295 Madrid EFE in Spanish 1443 GMT 8 Dec 95

[FBIS Translated Text] Quito, 8 Dec (EFE) — The Ecuadoran Foreign Ministry reported today that the Ecuadoran and Peruvian deputy foreign ministers, Marcelo Fernandez de Cordoba and Jorge Voto Bernales respectively, will meet in Quito next week to assess the state of relations between the two countries with the purpose of reestablishing the mechanism of bilateral consultation.

Voto Bernales will visit Ecuador two weeks after Ecuadoran Foreign Minister Galo Leoro visited Lima to attend the Fifth Foreign Ministerial Meeting of the Amazon Region Cooperation Treaty.

Fernandez de Cordoba said that the pacification process between Ecuador and Peru, after the undeclared war from 26 January to 28 February of this year over an unmarked border area in the Amazon region, will be strengthened with the reestablishment of the bilateral consultation mechanism.

Fernandez de Cordoba told EFE that the mechanism includes border integration and the good neighborly and cooperative relations between the two countries.

Galo Leoro confirmed that he will meet next January in Lima with Peruvian Foreign Minister Francisco Tudela "to take the first steps for the direct discussion of the border problem between the two Andean countries."

Ecuador and Peru are complying with the Itamaraty Peace Declaration that was signed on 17 February in Brazil and ratified on 1 March in Montevideo.

Fernandez de Cordoba said: "The foreign ministers will meet (in January in Lima) to establish the procedures and to deal with the issues included in point six of the Itamaraty Peace Declaration."

This is how the direct talks will begin in an effort to find a final solution to the border problem.

Fernandez de Cordoba added that the two foreign ministers will establish the procedures and methods "for carrying out the negotiations; they will also determine where the negotiations will be held, and who will participate."

Polls Differ on Referendum Results

96P20139

[FBIS Media Note] "Technical errors" were made during the exit poll following the 26 November referendum, the former director of the National Institute of Statistics and Census (INEC), Juan Jose Illingworth, told the Guayaquil daily EL UNIVERSO of 3 December.

Illingworth deplored the Ecuadoran Data Company's (Cedatos) "political manipulation" of the unofficial results, which, he claimed, led President Duran-Ballen to veto on 30 November a package of Congressionally

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approved constitutional reforms. The "manipulated" Cedatos poll, Illingworth charged, was used "by petty interest groups and presidential advisers" to ensure veto of the decentralization bills.

Cedatos' preliminary data showed that all 11 referendum proposals received a "no" vote at the national level, whereas an independent count by the National Secretariat of Social Communication (Senacom), as reported in the 29 November EL UNIVERSO, revealed that proposal number one on decentralization won a "yes" vote at the national level (47.74 percent versus 43.91 percent) and that proposals number 3 and 8 were tied. Illingworth deplored that both poll results were not disseminated simultaneously to the public.

According to EL UNIVERSO, proposal number one on decentralization won overwhelmingly in the Provinces of Guayas, El Oro, Manabi, and Tungurahua. Illingworth pointed out that Cedatos reported that only Guayas had supported the "yes" vote for that proposal.

Commentaries in EL UNIVERSO on 29 November and 3 December explained Guayaquil's and the coastal provinces' suppport for the majority of the reforms proposed in the referendum, particularly the decentralization proposals. Guayaquil, the country's most populous city, and its provinces, they said, have "suffered the most from a hegemonic and all-absorbing centralism," have had to put up with deficient state services and continuous public sector strikes, and are fed up with the "squandering" of resources by the central government.

Peru

State of Emergency Extended in Andean, Jungle Regions

PY0812173895 Madrid EFE in Spanish 0056 GMT 8 Dec 95

[FBIS Translated Text] Lima, 7 Dec (EFE) — Today the Peruvian Government extended for 60 days the state of emergency in various zones of eight departments of the Andean and jungle regions because it believes that there are still "some elements that disrupt internal order."

The departments of Huanuco, Junin, and Pasco, in the central Peruvian mountainous regions; Ayacucho, Cusco, and Huancavelica, southeast of Lima; and San Martin and Loreto, in the jungle area, are affected by the government measure.

According to the supreme decrees establishing the state of emergency that were published in the official gazette EL PERUANO, all constitutional guarantees are suspended and the Armed Forces have taken charge of safeguarding internal order in the aforementioned areas.

The decrees state that in view of the signs of unrest it is necessary to adopt the appropriate measures to preserve and restore internal order.

Terrorist activities and drug trafficking is still detected in the zones declared in state of emergency.

Peru is administratively divided into 24 departments and one constitutional province: El Callao.

Government To Protect Small, Medium-Sized Producers

PY0812175295 Lima EXPRESO in Spanish 25 Nov 95 p A2

[Report from Uruguay by Carlos Cabrera Oliva]

[FBIS Translated Excerpt] On 24 November President Alberto Fujimori said that the state will guarantee the existence of the minimum development conditions for small and medium-sized producers and thus protect them from being affected by the intervention of intermediaries who "distort" the price of their products regarding the international market.

During a speech made at the Bolivar Forum, organized by the Bolivar Program and sponsored by the IDB — which Paraguayan President Juan Carlos Wasmosy and Uruguayan President Julio Maria Sanguinetti also attended — Fujimori issued a warning to the groups that during the past few months have practically monopolized the trade of alpaca fiber in the south and cotton in the north and part of the jungle area. He said he will not allow the producers, be they from rural or urban areas, to be affected by prices that are well below those on the international market.

A source of the Peruvian delegation stated that "there are middlemen who have been forcing the prices downwards and we want to make quite clear that this sort of situation no longer exists."

Fujimori stated that the fact that the state has mechanisms to correct the market should not be interpreted as an interference or a regulatory measure of a statist nature. He said that the objective is to protect medium-sized enterprises without granting them a subsidy, so that they may develop in the midst of truly free competition.

He said: "This does not mean a return to statism but rather assuming a basic responsibility: Control the market so that it not be used by a few to the detriment of others. In our opinion the market offers opportunities and benefits for all. As long as that is not so, while it does not attain its full development, the state must fulfill its active role to generate true and free competition."

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From that viewpoint, the chief of state maintained that the small producers will be encouraged to become aware of this and "the market theory will be disseminated." "Not a political ideology, but a developmental, productive, pragmatic ideology."

As an example of what is currently happening he mentioned Puno, Piura, and Sisa valley (San Martin). He revealed that in the high plateau region, a few years ago groups of intermediaries purchased the alpaca beasts from the peasants at $10 each.

He added: "With the state intervention we managed to push the price up to $120, thus directly benefiting the alpaca breeders. With these measures to regulate the market the peasants' economy would capitalize and they would be taking a step forward in the path towards market integration."

However, Fujimori said that after some time the intermediaries found a way to impose "through a pseudo market" a completely "unfair" price for the alpaca fiber, which is now sold at $1 per kilogram.

Fujimori asserted: "Once again we are determined to intervene if prices that are in keeping with the international prices are not paid; that is, so that the market principle may function." [passage omitted]

Moreover, Fujimori said that the government intends to gradually remove the obstacles small and micro enterprises face to have access to services such as information, infrastructure, financing, technology, and training "that, without subsidies, allow them to compete and develop."

Within this context, he said that currently there are traditional schemes that prove inefficient "because some agents refuse to conform to a culture of competitiveness." As an example he mentioned the private banking system which, he said, "still does not represent, despite the favorable economic context, a source of financing and credit for the small producers." Fujimori emphasized that the key to the country's development lies in not ignoring the small urban and rural producers again and "in not trying to turn the traditional sector into the driving force of development." Fujimori said: "I think it is a mistake to dryly talk about development toward the international market and interpret this as a reorganization of the international market from a traditional viewpoint." "This would mean sacrificing the country's internal development, all its potentials. We must also think about development from within."

He said that the government continues to support the legally established traditional sector for its proven contribution to the country's development but also the "small producers that have the potential to grow relatively more than the large-scale producers and which, as a whole, can have a greater impact on the country's development."

After participating in the Bolivar Forum, the chief of state returned to Lima where, according to a government official, he was scheduled to hold a working meeting in the evening.

President: People Misunderstood Purpose of Plebiscite

PY0812155295 Madrid EFE in Spanish 0150 GMT 8 Dec 95

[FBIS Translated Text] Quito, 7 Dec (EFE) — Ecuadoran President Sixto Duran-Ballen today said that the people "thought" they were voting for or against him during the plebiscite held on 26 November to reform the Constitution. The preliminary vote return shows a victory of the "no" vote.

Referring to the plebiscite that he summoned with the purpose of reforming the Constitution, Duran-Ballen said: "The country thought they were voting for or against me, but that is not the question they were asked."

The chief of state said that with the victory of the no vote, "the country was definitely denied the opportunity of changing things."

Analysts and politicians believe that the results of the plebiscite are an indicator of the president's popularity. Among other things, the plebiscite proposed authorizing the president the possibility of dismantling Congress once during his mandate, the reform of the judicial branch, and the privatization of the social security system.

The official results will be disclosed in the next few days, although exit polls showed a victory of the no vote to all the reforms proposed by the government.

Venezuela

Colombian Officer on Spread of Rebel Activities

PA1012134395 Caracas EL NACIONAL in Spanish 3 Dec 95 p D11

[Article by Jesus Eduardo Brando]

[FBIS Translated Text] The Colombian narcoguerrillas are implementing a strategy of expanding their subversive activities as well as their international drug trafficking activities into Venezuela. This statement was made by General German Castro Prieto, director of the Colombian War Academy, during a recent visit to Venezuela.

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Here to participate in events slated to commemorate the 25th anniversary of the founding of the National Defense Institute of Higher Studies, Castro Prieto said that in the case of Colombia and Venezuela the actions of the narcoguerrillas have prompted hostile reactions from the two countries, which is precisely the effect sought by these political criminals so as to internationalize a conflict. This has clear criminal intent, he added.

Castro Prieto stressed: Colombian narcoguerrilla gangs have a fully substantiated desire — of a political nature and achievable through criminal behavior — to deteriorate Colombia's relations with its neighbors, and particularly with Venezuela.

Castro Prieto explained that the variations in the field of international relations at the beginning of the 1990's, especially the end of the Cold War and the fall of international communism, also had repercussions in the relations between hemispheric countries, particularly insofar as subversive movements are concerned.

Consequently, he said, movements of this type, traditionally based on class struggle and the implementation of dictatorship by the proletariat so as to create a more just society through greater participation by the people, are no longer being formed.

Castro Prieto warned, however, that although current concerns are of another nature, this does not mean that one can rule out the appearance of new liberation movements in the future, even though they will not be based on the Marxist-Leninist principles that spawned them in the past. "If they are formed," he said, "it would be because of racial, ethnic, economic, or religious reasons, because of national enmities, or simply because of violent subcultures."

Drugs and Money

With the fall of communism and the subsequent withdrawal of support to the subversive movements of this continent by the former Soviet Union and the countries of Eastern Europe, the former have had to resort to other sources for political, economic, and military support so as to continue to pursue their political goals.

The alliance between the subversive organizations and drug traffickers was reportedly agreed upon at the "7th National Guerrilla Conference" held in Colombia from 4 through 14 May 1982. [year as published]

Among other things, Gen. Castro Prieto said that currently the drug cartels and the guerrilla organizations FARC [Revolutionary Armed Forces of Colombia] and ELN [Army of National Liberation] have 37 teams throughout Colombia. They charge $300,000 for each flight that leaves the country with or without drugs and, additionally, they charge the growers of coca and poppy between 20 and 30 percent of the value of the drugs.

Discussing figures, Castro Prieto said that experts in the field claim that the drug traffickers handle some $400 billion each year, including $50 billion in the United States and $30 billion in Mexico. Additionally, they have a $500 million "fund" to "buy people off."

It has likewise been determined that 70 percent of the cocaine that enters the United States passes through Mexico and that 80 percent of the cocaine that enters Europe passes through Spain.

In the case of Colombia, Castro Prieto said that the Colombian Government has asked Congress to earmark 400 billion pesos to modernize the judicial system and to amend the law so that drug traffickers will be punished instead of turning themselves in as a way to avoid persecution.

Poll: Most Citizens Blame Inflation on Government

PA1012153795 Caracas EL UNIVERSAL in Spanish 7 Dec 95 p 2-4

[Report by Giuliana Chiappe; all quotation marks as published]

[FBIS Translated Text] The lack of price controls on the part of authorities is the main cause of inflation in Venezuela and the biggest one responsible is the government. This is what a large segment of the Venezuelan population believes, according to the Omnibus poll that is conducted every month and a half by Datanalysis, which was presented during the Agricultural Products Perspectives 1996 forum, organized by the Association of Supermarkets and Similar Stores.

The results of the poll were presented by Jose Gil Yepes, president of Datanalysis. According to Gil Yepes, the government's "bad economic policy" causes the increase in prices.

The charts presented by Gil Yepes indicate that 26 percent of Venezuelans polled blamed inflation on the devaluation expectations; 10.2 percent blamed it on the fiscal deficit; and 3.3 percent on the bad public administration. According to him, these three factors can be grouped into what he calls bad economic policy, which 43 percent of those polled blame for the inflation. Without grouping the reasons for the increase in the cost of living, Venezuelans believe that the factor that bolsters inflation most is the lack of government control on prices. Then, 10.2 percent blame it on businessmen's speculation; 3.3 percent on the high prices established by industrialists; and 2.9 percent on corruption."

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Whose Fault Is It

At the moment of determining those responsible, 71 percent of Venezuelans who were polled point to the government. They also blame industrialists, 10.3 percent; businessmen, 8.1 percent; and banks, 4.7 percent.

More than two-thirds of consumers consider that they can carry out actions to protect themselves from inflation, at least partly. Some 42.9 percent of Venezuelans said they go after the best offers; 10.5 percent purchase more economical, substitute foods; 6.6 percent buy less; 3.3 percent make wholesale purchases; 2.7 percent change stores; 1.3 percent buy together with other person; and 1.2 percent report consumers. A significant percentage, 29.3 percent, admits that they "have not done anything."

To stop inflation, consumers proposed to the government, in the first place and with the support of 33 percent of those polled, to return to the industrialist-set public sales price. Next, 16.1 percent suggest assigning more personnel to oversee price controls; 11.9 percent favor closing speculative establishments and strengthening Indecu [expansion unknown]; 5.9 percent developing more wholesale markets; 5.2 percent cutting the fiscal deficit; 5.2 percent helping more producers; 3.4 percent liberalizing prices; and 1.9 percent freezing prices.

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